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## **Southeast Asia Report**

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## BRIEFS

NEW AUSTRALIAN AMBASSADOR--Mr Christopher Lesli Lamb, whose appointment as ambassador of the Commonwealth of Australia to the Socialist Republic of the Union of Burma has been accepted, presented his credentials to U San Yu, president of the Socialist Republic of the Union of Burma, at 0930 this morning in the Credentials Hall in the People's Assembly premises. [Excerpt] [Rangoon Domestic Service in Burmese 0430 GMT 17 Dec 86 BK] /6662

NEW HUNGARIAN AMBASSADOR--Mr Jozsef Olah, whose appointment as ambassador of the Hungarian People's Republic to the Socialist Republic of the Union of Burma has been agreed upon, presented his credentials to U San Yu, president of the Socialist Republic of the Union of Burma, at 0930 today in the Credentials Hall in the People's Assembly premises. [Excerpt] [Rangoon Domestic Service in Burmese 0630 GMT 19 Dec 86 BK] /6662

CHINESE RURAL STUDY DELEGATION--A Chinese rural economic study delegation headed by Mr (Shen Ya), vice chairman of the Central Rural Development Research Department, today called on U Aung Win, deputy minister of agriculture and forests, at the Agriculture Corporation in Rangoon. In the afternoon, the PRC delegation held talks with responsible officials of the Agriculture Corporation, Agriculture and Land Records Department, the Cooperatives Department, and the Health Department. The PRC rural economic study delegation arrived in Rangoon on 17 December. [Summary] [Rangoon Domestic Service in Burmese 1330 GMT 18 Dec 86 BK] /6662

PRC WRITERS VISIT--A PRC writers delegation led by (Yao Wei Han Hsao Hswe), member of the PRC Literary Council and deputy chairman of Yunnan Province Writers Association, arrived in Rangoon by plane at 1630 today under the bilateral cultural exchange program. The PRC writers delegation was welcomed at Rangoon Airport by responsible officials from the Literary Workers Organization of the Socialist Republic of the Union of Burma and the PRC Embassy. The five-member Chinese delegation will remain in Burma for a study tour until 31 December. [Summary] [Rangoon Domestic Service in Burmese 1330 GMT 17 Dec 86 BK]--The visiting PRC writers delegation headed by member of the PRC Literary Council and deputy chairman of the Yunnan Province Writers Association, Mr (Yao Wei Han Hsao Hswe), today called on U Aung Kyaw Myint, minister of information and culture, at the ministerial offices. Also present at the meeting were U Taik Soe, deputy minister of information; Mr Zhu Mingji, PRC ambassador to Burma; and responsible officials. [Summary] [Rangoon Domestic Service in Burmese 1330 GMT 18 Dec 86 BK] /6662

AMBASSADOR TO SPAIN--The president of the Socialist Republic of the Union of Burma has appointed U Thein Han, ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma, to the Republic of France, concurrently as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the Kingdom of Spain. [Text] [Rangoon WORKING PEOPLE'S DAILY in English 15 Dec 86 p 1 BK] /6662

CSO: 4200/248

## KIRIBATI

### BRIEFS

JAPANESE GRANT--Japan is providing Kiribati with a grant of about \$265,000 [currency not specified]. Announcing this in Suva today, the Japanese Embassy said the money would be used to buy rice and meet transport costs. It said the grant would effectively contribute to the stabilization of the Kiribati's economy. Japan provided similar grants to Kiribati in 1981 and 1983. [Text] [Melbourne Overseas Service in English 0700 GMT 17 Dec 86 BK] /6662

CSO: 4200/245

## PHONG SALY PARTY CHIEF DESCRIBES CONDITIONS FOR CONGRESS

Vientiane PASASON in Lao 24 Nov 86 p 2

[Views of Comrade Pao Mommachai, Secretary of the Party Committee of Phong Saly Province at the Fourth Party Congress; date and place not given]

[Excerpts] Under the brilliance of the plenum of the Third Party Congress, throughout the past 5 years our province has carried out the plenums set by the party, and has scored the following basic achievements.

Although our province is located in the northernmost part of the country with 231 km bordering on China and is a front line post in the direct line with the enemies' destruction, because of our understanding of the party policy we have turned with determination to the grassroots to carry out the four directions, to mobilize and organize the people, and to build a political base in all areas, for example, strengthening the northern border and several areas of economic and political emphasis. The people of ethnic groups came later to understand the new enemies; they became highly conscious, they had confidence in the leadership of the party, and they were enthusiastic in taking part in national defense and security. From the province on down to the grassroots level, the national defense and security forces have been improved and expanded in terms of quality and quantity. Our achievements and victories were because of the correct line of the party along with proper application according to the special characteristics and the actual situation of their own locality, and the brave heritage of combat for the people of ethnic groups. From what was actually done we can conclude that there is no force as strong as the force of the masses, and no steel that is as brave as our people's minds. If we know how to mobilize and organize the masses and build the people's battlefield, they will be able to dismantle all the enemies' schemes in a timely manner.

We have paid special attention to guiding agricultural and forestry production. We have begun to apply simple technology extensively in production, and have been able to raise the wet rice yield from 1.8 tons in 1982 to 2.5 tons per hectare in 1986, and for the highland farms from 1.1 tons to 1.2 tons per hectare. There has been a 1.06 percent increase in ricefields and a decrease of highland farms by 1.14 percent in 1986. They have been able to become basically self-sufficient in terms of food

supply with an average of 320 kg of paddy rice per capita per year. There are now 40 collective stores, 28 trade coops and 73 village trade units districtwide. Thus, the amount of trade business has increased: imports increased 3.32 percent, exports increased 5.6 percent, and the purchase of ricefield and forest products increased 4.5 percent as compared with the figures for 1981. In 1985 alone we purchased nearly 50 tons of cardamom and 3 tons of benzoin.

As for finance, we looked for and found income sources in localities for 64.5 percent of the total budget, and have gradually converted the economic management machinery to economic computation machinery. In order to guarantee the communications and transportation work we put all our efforts into building a road from Pak Nam Noi to Phong Saly District, finishing over 70 km. We also repaired some small and old roads, and they are now in fairly good condition.

Improvement in the party's leadership, the government management and the ownership of the mass organization has been upgraded one more step. In 1982 there were 124 party chapters and 1,632 members throughout the province. Now there are 204 party chapters and 2,213 members. They completely wiped out the white cantons [areas with no LPRP presence], and 73 percent of the white villages throughout the province. What was special was that we increased the all-round relations and cooperation with our twin province of Lai Chao, and it has been fairly effective.

Although all of the above are primary achievements and victories, they are primary factors for scoring even bigger victories. However, when we analyzed each problem in detail during the time we carried out the plenum of the Third Party Congress, our achievements were still limited. For example, our organizing and implementing of the policies were still hurried, and it was a time when our eyes were bigger than our stomachs. Also, all our forces were limited in each aspect, and in addition the cadres' response to the new [machinery] has not been quick enough. Later there was different work in some localities that was not yet strong and firm, and there was still confusion in some areas. The circulation of goods is not yet effective. There is still a shortage of medicines. Careful attention has not been given to cadre training for some ethnic groups.

Respected comrades, in order to implement the plenum of this congress, we pledge (1) that we will increase our conversion to the grassroots and will gradually improve peace politically and social order throughout the province; (2) we will continue to expand the economy and to raise the standard of living for the working people so there will be a new change by searching for labor in agriculture and forestry, to widely open cultivation area for intensive agriculture and increase production, to strictly limit slash-and-burn agriculture, and to struggle to become self-sufficient in terms of the food supply. The expected figures for 1990 is to produce 360-400 kg of rice paddy per capita per year. In order to guarantee production, distribution and circulation we will put all our efforts into completing the Pak Nam Noi Road by the end of 1987.

PHETSAMON LASASIMMA ASSESSES WOMEN'S ORGANIZATION ISSUES

Vientiane PASASON in Lao 27 Nov 86 pp 2, 3

[Views of Mrs Phetsamon Lasasima Representing the Lao Women's Organization to the Fourth Congress of the LPDR; date and place not given]

[Excerpts] In order to implement the plenum of the Third Party Congress and the first nationwide congress of the Lao women's organization, the members of the Lao women's association of different ethnic groups throughout the country have heightened their revolutionary consciousness. They mobilized their beloved children to carry out national defense and security work. Thousands of women youth union members have voluntarily joined guerrilla units in guarding their homeland. They have volunteered to join the Lao Front by carrying out combat duty and by actively serving in combat. Various levels of the Lao women's organization have joined the administrative committee and other mass organizations in becoming a driving force for carrying out the rear-line policy toward the families of the soldiers and cadres who are wounded, handicapped or have lost their lives for their country, so that the cadres and combatants in military units and in security [work] can enthusiastically carry out their serious duty, resulting in the people's firm confidence toward the leadership of the party.

In past years the Lao women's committees of different levels have carefully mobilized women to take an active part in the three clean campaign and disease prevention. Medical cadres and medical doctors are steadily increasing in quantity and quality. At the present time 68 percent of all the doctors in our nation are women. Also, the Lao women's association is actively involved in building kindergarten schools and nurseries.

Comrades, following the above actions, our Lao women's association has been improved and expanded in terms of both quality and quantity. There are now nearly half a million members. There are over 17,000 Lao women's association cadres from the center on down to the grassroots who have been trained. Now more and more of our members are being recognized as being able to carry out the three goodnesses and the two duties. We selected 713 outstanding Lao women's units with nearly 8,000 outstanding members.

Along with the work done and the good points mentioned for our Lao women's association, the Lao women's movement in our country still has weaknesses

and unfinished work that must be taken care of and improved as follows so that the movement can make resolute progress.

Generally speaking, the Lao women's association members have not yet understood their roles in the revolution. Many of them still have low [self esteem] and apathy. They have not become a driving force in striving to upgrade their knowledge and ability for participating in all the nation's work, etc. At the same time, some of the Lao women's association members of different ethnic groups still keep their old-fashioned background, believe in superstition, continue the lifestyle of the women of the old regime, and have no consciousness of the enemies' deceptive and poisonous schemes and psychological warfare [for change by peaceful means].

The understanding of the party's policies by Lao women's association members is not yet profound, and their training has not been carefully considered on a regular basis. The women's organizations at the grassroots level, for example, are in the areas of hard-to-reach ethnic groups and have not been thorough and strong, as reflected in their carrying out the three goodnesses and the two duties.

On the outside our women still face many problems. The idea of taking their roles lightly left behind by the old society still remains among the masses and also among many cadres and members, and this affects the implementation of the party policies toward women. They have not yet been given adequate attention, neither the conditions so that Lao women can work at their full potential, nor to female cadre training. Women cadres are still being assigned to different work only to complete the organizational structure.

9884/9190

CSO: 4206/30

## SRV FRIENDSHIP FACTORY OUTPUT REPORT

Vientiane KONGTHAP PASASON LAO in Lao 23 Oct 86 p 1

[Article: "The Laos-Vietnam Friendship Factory's 9-Month Production"]

[Excerpt] From January to September 1986 the cadres, combatants and government employees in all the work sections under the Laos-Vietnam Friendship Factory put their determined efforts into carrying out their specialized task. During this period they repaired and took care of 14 types of cars, repaired 26 small engine heads, and repaired and maintained 258 cars of all sorts. They repaired and wound 40 electric motors and cleaned 450 [electrical transformers]. They successfully assembled 50 large bicycles and produced 13 tons of all kinds of steel nails, 3,037 assorted pots, 5,536 small shovels, 7,779 small door hinges, 384 window latches, 1,332 [metal rings] for doors, 50 children's bicycles, 247 gasoline canisters, and 24 chain seats for a zinc factory. They sewed 40 seat covers for all kinds of cars, produced 3 sets of shoe patterns, 14 tables for the Communications Department, 300 [sets] of spare parts for tables in the club, large containers for churning [honey], 4 propellers for a stone dredging machine, [one shaft for a stone dredging machine], 1 pot for boiling sugar cane, 20 [sets] of a machine for patching rubber, 73 (Puli) rice-threshing machines, produced 1 machine for producing sugar cane, and successfully set up a new elementary school for the factory.

Besides effectively carrying out their own specialized task, the people in the factory also worked to boost production and to raise the standard of living for the cadres, workers and government employees step by step by continuing to take care of their fish pond. They have also tried to stabilize and strengthen the systematic life style in order to guarantee efficiency in working.

9884/9190

CSO: 4206/34

# **NAM NGUM HYDROPOWER ACHIEVEMENTS, PROBLEMS REVIEWED**

Vientiane PASASON in Lao 19 Nov 86 pp 2, 3

[Report of Comrade Savat Phaibounpouk Representing the Nam Ngum Hydropower Plant to the Fourth Party Congress of the LPDR; date and place not specified]

[Excerpts] The Nam Ngum hydropower plant is 80 km northeast of Vientiane Capital. Its generators employ water power. Previously it produced only 30,000 kilowatts, but following the national liberation the party and the government have done their utmost to invest in it and to expand its output. Its output power has now been increased to 150,000 kilowatts. The factory has a total of 215 workers and 700 people including family members.

When we first got to control the large and most modern factory in our country we encountered many problems. For example, nearly all of the cadres and workers were from the old regime. Their knowledge of specialized tasks and their technical knowledge was mostly at a low level. Twenty percent of them were illiterate. Even though some of them completed the specialized task in electricity within the country, in the period of construction for this factory they worked only on easy tasks, such as lifting, carrying, and cleaning and polishing machines for foreign engineers. We had hardly any high-level specialized task cadres. Therefore, knowledge of machine control and production was very limited, and our revolutionary awakening was low. We did not yet have any of our party members, and the mass organizations had not yet taken shape. In terms of their standard of living, the cadres and workers experienced difficulty and hardship. The experts and the foreign engineers who came to help were all from socialist countries. At the same time, the political and social order in the localities was in a state of confusion. The enemies tried in every way to destroy and to make trouble for the factory production, making particular use of psychological warfare to incite and to create disorder among the cadres and workers in our factory on a continuous basis.

We have mobilized and brought together the cadres and workers and we have encouraged their creativity and hidden capabilities so they can work with self reliance and learn to become self-sufficient in order to decrease the unnecessary need for foreign experts. We must dare to work and to make decisions and to be responsible for our own actions. We have organized

the workers to learn and to exchange lessons regarding specialized tasks. We have sent workers to actually control and install the machines so that they will gain job experience. Having carried out the above policy, we are able to say that our Lao workers and engineers are able to manage the machines. The outstanding ones were the workers in the machine control section who made on their own 4 parts for the machine for lifting the sluice gates in the water pipes for generators 1, 2 and 4 in order to replace the old ones that had worn out. In this way we were able to save up to \$60,000. We trained several divers to solve the problem of the sluices at the end of the two machines. This has been a problem since 1979, and previously we had to hire divers from abroad. We repaired a shaft and welded the turbines that had been deeply eroded by water, whereas in the past we had to hire foreign experts with advanced technical knowledge in order to make sure it was done right. In this way we also saved up to \$70,000. The coworkers in the electric and machine control section have heightened their responsibility in solving the problems in their system in a timely manner. They also emulated each other to work night and day, as well as weekdays and holidays. They also helped in the hydropower plants in Champassak and Luang Prabang provinces.

The party chapter committee and the board of directors of our factory believe it is very important to raise the standard of living for the cadres and workers and their families. They have tried to adjust the salary and wages paid step by step, especially since July 1986 when we were given the right to control the factory, and we have turned the main economic units to business production according to the new economic management machinery. We have disbursed wages based on the workers' final production and we also tested the technicians every month in order to look for those with good skills and workmanship, as our aim to upgrade the quality of the work. After we carried out the new machinery, the income of the workers increased 20-30 percent. This has encouraged production and has built up their confidence under the principle that those who work much get much, while those who work little and are irresponsible in causing damage are strictly checked, resulting in better management for the cadres and workers.

In raising the standard of living we have not only made adjustments in disbursing salary and wages, but have also focused on encouraging the family economy. Now each family raises three pigs on the average. We have a collective animal husbandry unit containing 109 cattle, a government employees' store, a food shop, a sewing unit, a rice mill, etc.

Respected representatives, because we understand the enemies' destructive schemes, the party chapter in our factory does not take the security work for the factory lightly. We have set up our factory military force as a driving force in security work. Guard work is a duty for all the workers, including the engineers, the party chapter committee and the board of directors. In carrying out national defense and security work we have worked closely with the regular forces and the regional forces and guerrilla units, along with the people around the hydropower plant in carrying out security work, and we have guaranteed 100 percent security.

After working for 10 years with determination, we have been able to score the following primary achievement.

We produced 6.98 billion kWh and \$138.7 million in business income. As a result, we received the medal of independence first class.

All these above have been our strengths and our work accomplishment in the past. At the same time, we still see our weaknesses and the things that still need to be improved. Expansion of the p... 's still going slowly. The cadres and workers still maintain their narrow ideology of small-scale production, a problem that is still unresolved.

There is still the old and authoritative way of working, and conversion to the new machinery has not been vigorous.

The knowledge and the ability of the workers are still insufficient, even though we have tried to upgrade them. Their political understanding remains uneven.

9884/9190

CSO: 4206/26

## BRIEFS

**CHAMPASSAK RICE HARVEST, YIELDS**--This year the wet rice yield for Champassak Province is expected to be 3.2 tons per hectare. The farmers in their province have finished 70 percent of the total of 75,460 hectares of wet rice harvesting. Sanasomboun District is the outstanding one with 80 percent of the 10,574 hectares being harvested. [Excerpt] [Vientiane PASASON in Lao 24 Nov 86 p 1] 9884/9190

**KHAMMOUAN MILITARY RECRUITMENT, ROAD REPAIR**--Recently over 80 youth in Gnommalat District, Khammouan Province, have voluntarily served the nation. Gnommalat is one of six districts in Khammouan Province. Since 1984, the number of youth union members has increased from over 300 to 800. In the campaign to score achievements for the Fourth Party Congress that has just been completed, they successfully repaired 130 km of damaged Route 8 and Route 12. [Excerpt] [Vientiane PASASON in Lao 24 Nov 86 p 1] 9884/9190

**SARAVANE COFFEE, RICE SALES**--The purchase and exchange of goods between the government and the people in Saravane Province for 1985-86 has been more effective than in years past. Up to now they have been able to purchase and exchange over 100 tons of cardamom and over 1,000 tons of coffee, double the amount for 1980. The stores and trade coops in the province have also been improved and expanded. There are now 190 stores and 178 trade coop units throughout the district, an increase by a factor of four as compared with the number in 1980. [Excerpt] [Vientiane PASASON in Lao 17 Nov 86 p 1] 9884/9190

**SAVANNAKHET BANK DEPOSITS**--From January to December the people of ethnic groups and different work sections deposited a total of 10,856,000 kip of their savings in the provincial branch of the State Bank. The outstanding depositors are Khanthaboury District which deposited over 1,156,000 kip, Champhon District with over 596,000 kip, Outhoumphon District with 570,500 kip, and the provincial industry and handicrafts section with 596,300 kip. [Text] [Vientiane PASAOSN in Lao 17 Nov 86 p 1] 9884/9190

**VIENTIANE RICE HARVEST**--The wet rice harvest by the farmers in Vientiane Capital has now mostly been completed on a total of over 37,000 hectares. The 1986 wet rice production by the farmers in Vientiane Capital is expected to be 96,800 tons or 2.59 tons per hectare on the average, and

it is expected to be more than 10 percent over last year's yield. It is expected to be completed by early December. They can then get ready to continue to grow dry season rice in time with the season. [Text]  
[Vientiane PASASON in Lao 27 Nov 86 p 1] 9884/9190

**MILITARY RECRUITMENT**—Recently more than 30 youth from the Tha Thom area, Xieng Khouang Province, and 66 youth from 10 cantons in Oudomsai District, Xieng Khouang Province, have voluntarily served the nation strongly without reservation in the ranks of national defense and security. They also carried out the two related strategic duties of national defense and socialist national construction. [Excerpts] [Vientiane PASASON in Lao 19 Nov 86 p 1] 9884/9190

**VANG VIENG TRADE**--Since early 1986 the Vang Vieng District Trade Company in Vientiane Province has been able to purchase forest and ricefield products from the people valued at over 5,420,000 kpp, and has also distributed ready-made goods for the cadres and people valued at 24,5000,000 kip. This amounts to 79 percent of the year plan. After completing the past business they were able to carry out 3,600,000 kip as their obligation to the budget, and they earned 1.7 million kip profit for the company. In Vang Vieng there are now four state stores and five collective trade coops. An additional three stores and pharmacy stores are now being added. [Excerpts] [Vientiane PASASON in Lao 19 Nov 86 p 1] 9884/9190

CSO: 4206/26

## ARMY TO SET UP THREE SPECIALIZED UNITS

Kuala Lumpur NEW STRAITS TIMES in English 9 Dec 86 p 10

[Text]

PORT DICKSON, Mon. — The Army will set up three specialised units — a para (parachute) battalion, a mechanised battalion and a support battalion — by January next year.

The specialised units, a result of the conversion of three of its existing infantry battalions, are aimed at bringing the nation's defence up to the level of those in the Asean region.

Announcing this today, Army Chief Jen Datuk Seri Mohamed Hashim Mohamed Ali said the move was also "consistent with the Army's plans for a small and mobile Army, but (one) with enough 'punch'."

He was speaking at a ceremonial parade at the Sungala Camp here to mark the re-naming of the Royal Cavalry Corps to the Royal Armoured Corps.

Jen Datuk Seri Mohamed Hashim said the three in-

fantry battalions earmarked for conversion would be given up to 12 months to allow time for them to become operational.

He, however, did not specify the three battalions.

He added that there were also plans to have a total of nine specialised units — three para battalions, three mechanised battalions and three support battalions — by the year 2000.

### Manpower

The Army Chief also disclosed that the Government had approved plans to recruit 4,000 personnel per year over the next five years as a short-term measure to meet current shortages of manpower in the Army.

"In addition to this, there are also plans to regularise Army Reserve units to boost intake into the Army."

He said about 3,700 officers left the Army for "various rea-

sons" each year and an aggressive recruitment campaign was planned for next year to encourage more youths to enlist.

Speaking of the newly renamed Royal Armoured Corps, he said it would consist of four wheeled regiments, a tank regiment and an armour training centre.

"The next move would be the formation of an Armoured Brigade headquarters to co-ordinate the various tasks and requirements of the Armoured Corps, which we hope to have by the Sixth Malaysia Plan," he added.

Replying to criticisms by certain quarters that the Army was under-equipped, he countered, "We are fully equipped to face the current task entrusted to us."

Jen Datuk Seri Mohamed Hashim said the Army's plans to purchase medium-range 155mm artillery guns "have not been cancelled, but shelved for the moment".

/9274

CSO: 4200/246

ALTERNATIVES SOUGHT IN CASE U.S. BASES LEAVE

HK151533 Quezon City BUSINESS DAY in English 15 Dec 86 p 12

[Text] Olongapo City--The Government has no alternative plan yet to solve a possible economic dislocation of some 45,000 employes and workers of U.S. military facilities in the country should the Americans pull out of the bases.

This situation became clear as government planners, particularly the National Economic and Development Authority (NEDA), admitted that they were still groping for alternatives if Subic Naval Base in Zambales, Clark Air Base in Pampanga and about a dozen U.S. military facilities in Luzon were closed down.

Lucio Calixto, NEDA regional executive director for Central Luzon, said his agency has been conducting public hearings in Olongapo City with the view of getting suggestions which the government may adopt in case Filipino bases employes who lose their jobs.

There are some 45,000 direct-line and casual employes employed at Clark and Subic bases alone. The U.S. Government appropriates about P17 million a year for the salaries of these employes.

The U.S. Department of Defense (DOD) estimates that approximately 8 billion enters the local economy every year through the bases in the form of construction work, food, construction materials, services, hardware, insurance and medical and dental missions.

James Van Shickel, public affairs officer at Subic Naval Base, said that the U.S. has authorized the release of some 50 million a year for various construction projects to be undertaken by Filipino contractors inside different U.S. military facilities in the country.

U.S. military facilities in the country are the country's second largest employer, next only to the Philippine Government, according to NEDA.

The Subic Naval Base complex occupies some 15,000 hectares in Zambales while Clark sits on a 63,000-hectare agricultural land in Pampanga.

Some business groups have been conducting meetings and caucuses in Olongapo City to look for solutions or alternatives in case the two huge American facilities pull out from the Philippines.

One group, headed by Conrad Tiu, has finalized a recommendation to convert Olongapo City into a Hong Kong-type free port. The recommendation has been forwarded to President Aquino for consideration, Tiu said.

/6662

CSO: 4200/243

## FRG HITS LACK OF CLEAR POLICY ON INDUSTRIALIZATION

Quezon City BUSINESS DAY in English 23 Dec 86 p 2

[Text]

The German government has criticized the Aquino government's lack of clear policy statements on the course industrialization will take in the country.

The criticism is contained in a paper on "Economic Cooperation with the Philippines" prepared last September by Uwe Mueller of the German Bundesbank and Dr. Wolfgang Zehender of the German Development Institute.

Mueller and Zehender pointed out that the new administration's statements on the industrial policy of the future "leave various questions unanswered."

The questions concern the course the industrial sector as a whole will take, the role it will play in developing the economy, and the policy to be used to achieve this development.

The authors noted it would "seem inappropriate" for the new government to confine its industrial policy solely to market liberalization and the promotion of small and medium-scale industries. They said, this is

because in the medium to longer term the country will have an "interesting" domestic market potential worth some \$50 billion (\$35 billion at present), its industrialization is already relatively advanced, and the country is in a region where industrialization is predicted to make the greatest strides in the next 20 to 30 years.

The Aquino government should therefore "supplement" its existing limited industrial policy with "clear statements" on the target level of specialization, the development and promotion of technological competence and mechanisms for transfers between research and production, and vocational training at all levels, the paper said.

Particularly, the authors noted that although the manufacturing sector has an "unbalanced structure," it contributes one-fourth of gross domestic product, which shows "strategic precepts" for the sector would be an "advantage," they said.

Food processing cur-

rently dominates the sector, accounting for about 45% of value-added. Next is engineering with 10%, and textiles, clothing and footwear also with about 10%.

Dependence on imports is extremely high and yet only about 15% of output is exported, the paper said.

Except for a few companies, the manufacturing sector is not considered particularly competitive, based on international standards, it also noted.

Last year in the industrial sector, manufacturing contributed a nominal 24.8% to gross domestic product, 0.7 percentage point less than in 1984. In the past 10 years, the figure has remained largely unchanged, the paper said.

"Industry has thus failed to act as the engine of general economic growth," it said. Last year, industry accounted for only 9.7% of the labor force, almost 2% less than 10 years earlier.

Agriculture, with about 50% of the labor force, contributed one-fourth of GDP, the authors noted.

## CENTRAL BANK DRAWS LAST DISBURSEMENT FROM CREDITOR BANKS' FACILITY

Quezon City ANG PAHAYAGANG MALAYA in English 18 Dec 86 p 9

[Article by Rosa Ocampo]

[Text]

The Central Bank received yesterday a \$350-million loan representing the third and last disbursement from the \$925 million new money facility committed by foreign commercial banks in May last year.

The drawdown on the last tranche is expected to increase the Central Bank's international reserves to more than \$2 billion by the end of the year, from the end-September level of \$1.7 billion, the CB said.

The CB said the first tranche of the new money facility amounting to \$49 million was drawn in August last year and the second tranche amounting to \$175 million in January this year.

The creditor banks originally gave the country until June this year to draw the last tranche of the money facility. The deadline was extended to end-December at the request of the Philippine government.

The drawdown on the last tranche was contingent upon the approval by the International Monetary Fund of the second standby

credit agreement which was targeted for June but was approved only in October.

Monetary officials recently said they had withdrawn an original demand for second money facility from the creditor banks. They requested instead three-month extension of the \$3-billion revolving trade credit facility which was due to expire on December 31.

The banks recently approved a six-month extension of the credit facility until June next year.

Meanwhile, it was learned that a World Bank appraisal mission will arrive early next year to check on the government's compliance with the precondition for the release of the \$150-million public sector rationalization loan.

The money will help cover the budget deficit of the 46 or so government corporations not covered by the privatization program, Deputy Finance Minister Edgardo del Forno said.

Del Forno said the World Bank loan is not tied to any specific project. It will be used partly to finance the expected P12-billion

deficit of 14 major government corporations next year.

The government is gradually implementing a public sector rationalization program, starting off with Proclamation 50 creating the committee on privatization and its assets privatization trust.

Del Forno said an executive order will be issued defining government supervision of corporations that will be retained.

The government is now engaged in a study on supervisory roles of the Commission on Audit, Civil Service Commission and the Ministry of Budget and Management.

It will be recalled that the World Bank, through its representative Daud Ahmad, expressed dissatisfaction over the progress of the public sector rationalization program in its initial review in late October.

Ahmad reported that "very little seems to have been achieved by most of those having a role in it. Overall coordination and direction of efforts should be improved."

CSO: 4200/252  
/9317

WORLD BANK CONCERNED OVER COCONUT OIL PRICE FIXING

Manila MANILA BULLETIN in English 23 Dec 86 p 17

[Text]

The World Bank has urged the Philippine Coconut Authority to renew its efforts aimed at prosecuting coconut oil mills which will be caught manipulating their coco export prices, a report to Finance Minister Jaime V. Ongpin has said.

The WB also recommended to the PCA the implementation of a sound and effective price monitoring system that takes into consideration milling industry "price spreads," the report said.

Asked for comments, PCA Administrator Felix Dueñas replied yesterday that prices could hardly be manipulated by oil mills because they are determined purely by market forces.

Unlike in the old setup in the industry whereby a certain

group exercised some influence in the marketing of coconut products, oil mills today compete against each other for available copra, and their export prices are determined by international market forces, he said.

PCA, he said, stated these facts to the World Bank team which visited Manila a couple of months ago.

He added that oil mills owned by farmers through the Coconut Industry Investment Fund also buy their copra requirements and market their products in the world market independent of each other.

The United Coconut Oil Mills, Inc., using the CIIF mills, was suspected and accused by foreign coco oil buyers and critics of the previous gov-

ernment of instituting a cartel which allegedly manipulated copra prices and tried to influence coco oil export prices by controlling the marketing of at least 60 percent of the country's oil production.

Due to persistent criticisms of Unicom's operations, the deposed Marcos government dissolved the entity early last year allegedly to allow free market forces to come into play.

The dissolution of Unicom, however, hardly appeased critics of the cartel as they alleged that the move was merely a paper stroke because the mills previously under the Unicom umbrella was still run and managed by the same group identified with Eduardo Cojuangco.

# \$70 MILLION PHOSPHATE EXPORTS TO PRC ANNOUNCED

Quezon City BUSINESS DAY in English 18 Dec 86 p 6

[Text]

The Philippine Phosphate Fertilizer Corp. (Philphos), a joint venture between the National Development Co. and the government of Nauru, will export \$70 million worth of fertilizers to China next year, Trade and Industry Minister Jose S. Concepcion Jr. said yesterday.

Concepcion said 115,000 metric tons of fertilizers worth \$18.5 million will be shipped out to China during the first quarter of next year.

He said deputy trade and industry minister Tomas Alcantara, concurrent Philphos president and general manager, was in Beijing last week to negotiate the deal.

The first quarter exports to China will include 90,000 MT of diammonium phosphate and 25,000 MT of 15-15-15. These will be handled

by the National Chemical Import and Export Corp. (Sinochem), Concepcion said. Sinochem is the official buyer of all fertilizers imported by China.

According to the trade and industry minister, initial negotiations for the first quarter exports were made last November in Manila while the contracts for the total exports for the whole of 1987 with Sinochem was signed in Beijing Dec. 12.

Concepcion said fertilizer exports of Philphos are part of the protocol agreement between the Philippines and China. This year, Philphos exported \$60 million worth of fertilizer to China.

Under the said agreement, Philphos will export annually 400,000 MT of fertilizers to China, representing 43% of Philphos' total production at present.

Concepcion noted that

contrary to projections that a "two-year slack" will hit the fertilizer industry, Philphos is making headway particularly in the Asian markets. Aside from China, he said Philphos has been exporting to Ethiopia, Iran, Japan, Thailand, Malaysia, India and Venezuela.

Earlier, Alcantara said investors, including the Moroccan government and Norsk Hydro (a Norwegian firm), were hesitant to buy out the government's share in Philphos due to the dire forecasts.

He said projections for the industry indicated no major upturn for the next two years because of the fertilizer glut in the world market.

Philphos, considered to be the largest phosphatic fertilizer plant in Asia, exports about 80% of its annual production of 1.2 million metric tons.

CSO: 4200/249  
/9317

## NPA FREES KOREAN WORKERS; ROK THANKS MANILA

Quezon City ANG PAHAYAGANG MALAYA in English 20 Dec 86 pp 1, 6

[Text]

The president of the Hanil Development Company said Thursday night there was no bitterness in his heart despite almost two months of waiting for the release of two South Korean engineers kidnapped by communist rebels in Ilocos Norte last October.

"Let's not talk of the past... we must think of tomorrow," said Choong Sik Cho, president of the Hanil firm, moments after Park Jong-Soo, 42, and Chong Sang-ki, 31, were turned over to him at the National Press Club by the National Democratic Front.

Meanwhile, South Korean Foreign Minister Choi Kwang-Soo sent a message of thanks to Vice President Salvador Laurel for the release of the two South Koreans.

Choi cabled Laurel that the Korean government appreciated the "unswerving efforts that have been made to secure the safe release of the two Koreans."

South Korean President Chun Doo-Hwan also sent a welcome message to Park and Chong, the Associated Press reported.

Korean Ambassador Chiang Hoong Kim called on Mrs. Aquino at the Palace and urged her to take the necessary measures

for some 100 Korean engineers working in the country to prevent another kidnaping.

The President met with the Korean ambassador for 15 minutes to express her satisfaction over the release of the two Korean hostages.

The ambassador said he was concerned over the safety of Korean engineers now based in Manila, Ilocos Norte, Palawan and Panay Island.

The Korean ambassador noted, however, that with the two hostages' release, he would be able to convince Korean businessmen to invest in the country.

The President was informed by the Korean ambassador that the two hostages were flown to Seoul early morning "in good health," Benigno said.

However, Minister Benigno said the President was also informed that the two Koreans lost 20 pounds each during their captivity.

The two engineers burst into tears as they embraced Choong in an emotional reunion at the NPC where a rowdy crowd of reporters covering the event nearly got into a fistfight.

The haggard-looking engineers said they were doubtful about their freedom until Ms. Carolina Malay, the NDF officer who

secured their release, turned them over to the Hanil president.

Ka Efre, who heads the New People's Army unit which captured the two, assured Park and Chong that their 57-day ordeal had ended.

After the turnover Wednesday night by the local insurgents to Malay, NDF counsel Arno Sanidad and Chino Roces spent the night in the house of a farmer somewhere in Cagayan Valley.

Park was suffering from recurring fever and could not walk continuously in the mountainous North.

Before reaching Manila, Roces told reporters the Manila envoys were on the road for 27 hours, suffered two flat tires and an engine trouble.

"We tried our best to make it very comfortable for them (Park and Choong)" to reach Manila, Roces said, but the situation prevented them.

They were in constant flight during their stay in a "red zone" deep in the mountain ranges of Cagayan Valley. It was raining daily, Ka Efre told Malay.

"The local NPA command has apologized to them and their families for not having been able to provide them what they needed," Malay said.

They clarified that the NPA never asked for ransom money in exchange for the release of the engineers and that their release was delayed only because of continuing military operations.

# SHAHANI SPEECH TIES FOREIGN POLICY, ECONOMY

Quezon City ANG PAHAYAGANG MALAYA in English 23 Dec 86 p 3

[Text]

Deputy Foreign Minister Leticia Ramos Shahani said yesterday independence in foreign policy could only come about with the emergence of an independent economy.

Speaking to reporters, Shahani indicated that so far, the Philippines has been identified too closely with the United States not only politically but also economically.

"Even our smallest items are not made in the Philippines. We brush our teeth and shampoo our hair with products having foreign brands. How can we talk about independence?" she said.

She said Filipinos should concentrate on making the country economically self-reliant by producing quality goods. These goods should also be able to keep up with those being produced by other countries, she added.

Shahani cautioned against relying on "too much sloganeering either from the left or the right." The government, she said, is trying to steer a middle

course which is also pro-nationalist.

"We are trying to steer a stable ship because (if it is not stable), it could fall to the sharks," she said.

The deputy foreign minister said although the new government has declared that it would pursue an independent foreign policy, its relations with socialist governments has not changed much from the way they were during the Marcos era.

In another development, Shahani said the pattern of arrivals and departure of Soviet nationals in the country is not yet sufficient to conclude an alarming trend in the presence of Russians in the country.

Reacting to unverified reports that certain Russians have entered the country without going through the Commission on Immigration and Deportation, Shahani said the foreign ministry has not yet received any official information that would confirm this.

A ministry official however said that the Soviet Embassy has sent a second letter to the MFA asking permission for it to occupy a second property in Dasmariñas Village, Makati.

CSO: 4200/252  
/9317

CANADA ASKED TO INCREASE GARMENT IMPORT QUOTAS

HK121505 Quezon City BUSINESS DAY in English 12 Dec 86 p 2

[Text] The Philippines is seeking greater access to the Canadian garments market through increased export quotas, Trade and Industry Minister Jose Concepcion Jr. said yesterday after meeting with a four-man Canadian panel for a second round of negotiations on a new five-year bilateral textile and garments agreement.

The present accord will expire this month.

Canada is the Philippines third largest market for garments after the United States and the European Economic Community.

Concepcion said the Philippines is pressing for higher quotas in Canada because its share of the Canadian garment market is insignificant when compared to those of other Asian countries.

He said exports of clothing and apparel to Canada last year amounted to only 26 million, about 1.59 percent of the total Canadian market.

He said Hong Kong has 19 percent of the Canadian market, South Korea 17 percent, Taiwan 15 percent, and China 9 percent.

Specially, Concepcion said the Philippines is asking the Canadian Government to increase purchases of important export items such as winter outer wear, trousers, shirts and children's wear.

All these products command high prices in the export market but are subject to quotas in most countries with which the Philippines has bilateral textile agreements.

Data from the Garments and Textile Export Board (CTEB) show that as of end-November items under quotas accounted for about 84 percent of total garment exports, or some 638.57 million of a total 761.66 million.

/6662

CSO: 4200/243

# MANILA TO SEEK MORE CONCESSIONS IN GARMENT ACCORDS

Quezon City BUSINESS DAY in English 18 Dec 86 p 3

[Text]

The Philippines will ask for more concessions from other garment importing countries if terms of the new Philippine-US bilateral textile agreement are found "unsatisfactory," sources told *Business Day* yesterday.

During preliminary talks in the past few months, the US had agreed to the Philippines's request for an increase in US garment imports, subject to quotas to raise export earnings of the industry starting next year.

However, the two countries have yet to sign an agreement to replace an existing pact which expires by yearend.

The Philippines is now also negotiating with Canada and Norway for new bilateral textile trade agreements.

While results of the preliminary talks with the US seem favorable, the sources said opposition to a rise in US imports from the Philippines is strong, particularly from American clothing and textile producers who have had to face tough competition from cheaper imports.

The US remains to be an important market of Philippine garment products, accounting for about 60% of the total exports.

Despite this, however, the Philippines is pressing for greater access to the US market since its imports from the Philippines is only about 2.5% of its total purchases.

The Philippines is asking mainly for a hike in US import quotas for garments under the so-called critical categories of exports and the transfer to them of part of quotas for non-critical

categories.

The strategy would not only solve the garments industry's perennial problem of underutilization of export quotas from the US but also raise the values of the exports.

Garments classified as critical export items command higher prices than those in semicritical or noncritical categories.

Moreover, the Philippines also performs better in the critical category than in others.

If the US agrees to all the terms earlier discussed by the Philippine and US panels during preliminary talks, the Philippines is expected to be able to increase exports to that market to some \$800-\$900 million starting next year, from \$425 million expected this year.

Despite the presence of strong lobby groups in the US, the Philippines is banking on the goodwill that it has earned.

CSO: 4200/249  
/9317

## MINISTER REVEALS BUDGET DETAILS

HK160211 Manila THE MANILA CHRONICLE in English 15 Dec 86 p 4

[Article by staff member Ray Enano]

[Text] Payments for the Government's debts, mostly foreign loans, will eat up P35.28 billion, or 27 per cent of the 1987 "obligation" budget of P128.8 billion, making debt servicing the Government's single largest expenditure, according to the Government's final budget documents made available to the CHRONICLE.

President Corazon C. Aquino last week announced the Cabinet's approval of the new budget. Budget Minister Alberto Romulo however explained that it will be enacted into a law sometime this week through an executive order or a proclamation by President Aquino in the absence of a legislative body.

Although the Budget Ministry consulted with all of the major government entities for the preparation of the budget, there was conspicuously the absence of public hearings on the Government's proposals for the use of taxpayers' money next year as had been done under the defunct Batasan Pambansa [National Assembly].

However, Romulo said the Congress whose members would be elected next year may review the 1987 budget as part of its legislative function. He stressed that the 1987 budget approved by the Cabinet last December 7 "can stand the scrutiny of lawmakers even to the minutest details."

"It is an open-book budget where the appropriations are transparent and accountable to the general public unlike the budgets of the previous regime where certain appropriations were hidden from the public view," Romulo said.

The draft for the President's "budget message" called it a budget for [words indistinct] Reconstruction and Reconciliation." "My priorities are the alleviation of poverty, the generation of more and productive employment, the promotion of social justice, and the attainment of sustainable economic growth. These priorities support each other and are all reflected in the 1987 budget," according to the draft message.

The obligation budget includes appropriations which have already been committed by previous budgets and which funding sources have already been identified. The obligation budget includes provisions for construction of roads, highways and public works which has already been started under previous budgets. The cash budget, P114.7 billion for 1987, represents the new appropriation for the year which requires the enactment of the appropriations law.

The budget documents showed that provisions for debt payments in next year's budget increased by P8.67 billion or 32.6 percent from the P26.60 billion debt-service for 1986, 22.9 percent of the current budget. The 1987 debt-service budget is nearly double the P18.75 billion used for paying the Government's debts in 1985.

The debt service provision excludes the "net lending portion," or government's support to its corporations, which would together account for P49.68 billion or 38.5 percent of the 1987 obligation budget. However, the combined provisions represent a drop of 10.3 percent from the 1986 level of P55.38 billion which is 46.6 percent of the total budget. The decline apparently indicates that Government is cutting down on its lending operation for 1987.

The data's sectoral breakdown showed that social services received the biggest rate of growth in allocation, from P19.77 billion to 28.82 billion or an increase of 45.7 percent. It increased its share in the total budget to 22.4 percent from 16.7 percent in 1986.

Economic services got P25.61 billion or 19.9 percent from P21.78 billion in 1986 or 18.3 percent. General public services follow with 16.20 billion or 12.6 percent from P14.23 billion or 12 percent. Defense slightly improved its share by 6.6 percent from P7.61 billion or 6.4 percent to P8.53 billion next year.

On a per ministry basis, however, defense ranked second in terms of allocation behind the Ministry of Education, Culture and Sports which got P12.916 billion or up 27.70 percent from its 1986 appropriations of P10.11 billion. The Ministry of National Defense has a budget of P11.94 billion, or 16.12 percent more from the 1986 level of P10.283 billion.

The Ministry of Public Works and Highways ranks third in the allocation by ministry with a budget of P7.81 billion or slightly more than this year's budget of P7.65 billion. The Ministry of Health follows with a budget of P4.38 billion or up by 23.6 percent from this year's budget of P3.54 billion.

The Ministry of Agriculture and Food increased its budget to P2.61 billion or up by 34.5 percent from P1.94 billion.

The 1987 obligation budget did not provide any allocation to the Batasang Pambansa which was abolished when President Aquino was swept into power. The 1986 budgetary provision to the legislative body under the 1986 budget stood at P219.8 million.

Another office which was abolished was the Office of the Prime Minister which under the 1986 budget received an allocation of P29.3 million. The Office of the Vice President, on the other hand, is given a provision of P11.7 million compared to P6.0 million this year.

Budgetary support to Government corporations, meanwhile, dropped by 37.2 percent to P19.6 billion from P31.20 billion.

The Government projects a cash budget of P114.7 billion of which P94.9 billion is to be raised from various revenue sources. The deficit next year is estimated at P19.8 billion from P27.9 billion this year.

#### Budget of Ministries

(In Million Pesos)	1986		1987
Ministry	Original Program	Revised Program	Budget Program
Batasang Pambansa	293.4	219.8	0.0
Office of the President	591.4	551.9	509.9
Of which:			
PCSS	15.1	12.8	9.6
PCGG	32.3	32.3	50.0
PCHR	9.5	9.5	14.0
PCGR	6.7	6.7	5.0
Office of the Press Secretary	0.0	0.0	10.0
Office of the Vice-President	6.0	6.0	11.7
Office of the Prime Minister	41.6	29.3	0.0
Ministry of Agrarian Reform	350.1	360.6	420.0
Ministry of Agriculture and Food	1,675.7	1,943.9	2,614.5
Ministry of Budget & Management	130.4	129.0	130.7
Ministry of Education, Culture & Sports	9,562.6	10,114.2	12,916.2
State Universities & Colleges	2,402.9	2,201.9	2,180.1
Ministry of Foreign Affairs	702.1	665.0	773.5
Ministry of Health	3,495.5	3,540.4	4,375.1
Ministry of Justice	749.5	690.4	817.3
Ministry of Labor and Employment	287.5	278.9	428.9
Ministry of Local Government	282.7	258.0	314.6
Ministry of National Defense	10,411.8	10,283.4	11,941.9
Ministry of Natural Resources	1,101.6	1,198.6	1,376.0
Ministry of Public Works & Highways	4,143.4	7,647.1	7,808.2
Ministry of Social Services & Development	430.5	440.4	526.0
Ministry of Tourism	183.8	135.0	157.0
Ministry of Transportation and Communications	1,231.8	1,305.8	1,493.5

Ministry	1986		1987
	Original Program	Revised Program	Budget Program
Other Executive Offices	1,334.1	1,289.1	1,563.8
Of which			
Office of Energy Affairs	97.5	187.6	68.7
NSTA	473.3	392.9	713.3
NEDA	286.4	270.3	[indistinct]#
MACC	98.2	96.5	113.6
GSA	77.7	67.0	81.2
Office of Political Affairs	4.8	4.8	8.3
The Judiciary	812.9	795.0	919.0
Constitutional Offices	890.1	822.4	1,132.8
Of which			
COA	530.0	492.8	599.6
Tanodbayan	15.0	14.3	17.3
Autonomous Regions	80.9	68/8	73.8
Total, Ministries	43,773.5	46,440.4	54,370.5

#### Expenditure Program

	Level (in million pesos)		Growth rate per- centage	Share to total budget percent- age	
	1986	1987		1986	1987
Ministries	46,440	54,369	17.1	39.1	42.2
Budgetary Support to					
Government Corporations	31,202	19,600	-37.2	26.3	15.2
Debt Service	26,695	35,275	32.6	22.4	27.4
National Funds	14,531	19,588	34.8	12.2	15.2
National Assistance to					
Local Government Units	5,730	6,657	16.2	4.8	5.2
Compensation & Organizational					
Adjustment Fund	2,134	3,890	82.3	1.8	3.0
Personnel Benefits Fund	2,983	3,310	10.9	2.5	2.6
Foreign Assisted Projects					
Support Fund	844	2,000	137.0	0.7	1.5
Local Communities					
Assistance Fund	-	1,240	-	-	1.0
Others	2,840	2,490	-12.3	2.4	1.9
Total	118,778	128,833	8.5	100.0	100.0

#Net of Tax Expenditures

/6662

CSO: 4200/243

# PRESIDENT SIGNS 128.8 BILLION PESO BUDGET

Quezon City BUSINESS DAY in English 19 Dec 86 p 2

[Text]

President Aquino yesterday signed the 1987 General Appropriations Act, providing for a P128.8-billion budget for next year.

The P128.8 billion represents the obligation budget, which includes allocations for expenses that will be made beyond 1987. The approved cash budget for next year is P114.7 billion. Both figures were approved by the Cabinet last Dec. 5.

The budget reduces to 40% allotment for debt service and net lending, and increases the allocation for social and economic services.

Mrs. Aquino said the priorities of the 1987 budget reflect those of her government, including alleviation of poverty, generation of more and productive employment, promotion of social justice, and attainment of a sustainable economic growth.

"I assumed the presidency on a pledge to undo the evils of the past and set the state in the present for the just, peaceful and progressive future we owe to ourselves and our children," Mrs. Aquino said. She said the 1987 budget was "shaped with this pledge in mind."

Budget and Management Minister Alberto Romulo said the economic and social services sectors are the top beneficiaries of the 1987 budget with a total allocation of 42.3%. The allotment for the social services sector alone has been increased 45.7% over 1986, he said.

The Ministry of Education, Culture and Sports and state universities get a share of P15 billion, the largest provision for any ministry or agency.

Other ministries and

agencies with increased shares are the Ministry of Public Works and Highways with P7.8 billion, the Ministry of Health with P4.4 billion and the Ministry of Agriculture and Food with P2.6 billion.

The Ministry of Defense is allotted P8.5 billion or 6.6% of total expenditures, compared to its 9% average share from 1965 to 1986.

The debt service allocation has been reduced to 38.5% from 46.6% this year. Romulo said this cut increases the productive portion of the budget from 53.4% this year to 61.5% in 1987.

Romulo also said the expenditure program for 1987 was created within the parameters of the National Economic and Development Authority's development plan.

"We have to work within the Philippine De-

velopment Plan, which stresses the rural and agri-based thrust of the government, designed to alleviate poverty and general employment," he said.

The breakdown of the 1987 budget: Office of the President, P509.9 million; Office of the Vice-President, P11.7 million; Ministry of Agrarian Reform, P420 million; Ministry of Agriculture and Food, P2.6 billion; Ministry of Budget and Management, P130.7 million; Ministry of Education, Culture and Sports, P15 billion; Ministry of Finance, P145 billion; Ministry of Foreign Affairs, P773.5 million; Ministry of Health, P4.3 billion; Ministry of Justice, P817.3 million; Ministry of Labor and Employment, P428.9 million; Ministry of Local Governments, P314.6 million.

CSO: 4200/249  
/9317

## FINANCE MINISTER FORESEES 1987 RECOVERY

Manila MANILA BULLETIN in English 21 Dec 86 p 25

[Text]

The economy is headed for a good year in 1987 because of a number of factors which point to a recovery, Finance Minister Jaime V. Ongpin told newsmen the other night.

He said economic growth this year was held back by four factors which included a depressed construction sector, failure of the government's jobs program to fully take off the ground, relatively high prices during the early part of the year and the fact that interest rates did not come down until the latter half of the year.

These four factors, however, are likely to be eliminated to set the stage for growth in the economy which has been targetted at between six to seven

percent from less than one percent this year, he said.

He said that the construction sector will be revived mainly through the housing program that will be vigorously pursued by both the government and the private sector.

The kinks in the community employment development or jobs program will be ironed out with half of the P3.9 billion allocation going to the countryside. This budget will be further bolstered to about P18 billion, he said.

Ongpin also said that prices of commodities have remained stable and interest rates have gone down to very low levels.

One of the most significant factors that

will push economic growth next year is the steady prices of copra which have good prospects of being sustained in 1987, he said.

For every peso increase in the price of copra, a P1 billion impact on the economy is felt, he said.

If copra prices continued to improve next year, an impact of about P9 billion on the economy can be expected, he said.

He said the projected GNP growth rate of between six to seven percent in 1987 did not even consider improved copra prices.

Prospects that favorable copra prices will be sustained next year will thereby enhance attainment of economic growth, Ongpin indicated.

CSO: 4200/250  
/9317

## 1986 GOVERNMENT DOMESTIC BORROWING AT 21 BILLION PESOS

Quezon City BUSINESS DAY in English 23 Dec 86 p 2

[Article by Daniel C. Yu]

[Text]

The national government has borrowed about P21 billion in the domestic credit market this year to fill part of a huge P27.9-billion budget deficit, Finance Minister Jaime V. Ongpin said yesterday.

However, unlike in previous years when the government's domestic borrowings caused sharp increases in interest rates, the cost of money since the third quarter has continually declined.

The effect of crowding out other borrowers, which had been a major problem in the past, was not evident this year because of a dearth in loan demand in the private sector.

For next year, Ongpin said, the government intends to reduce its borrowings to P15 billion, or P16 billion at most, because it shall borrow enough this year to meet part of the 1987 requirements.

With a 1987 cash

budget of P114.7 billion, the government has projected a deficit of P19.8 billion which will have to be financed from local and/or foreign sources.

The bulk of government borrowings has been mainly through sales of Treasury bills, which has siphoned off the idle funds of commercial banks and investors while the economy remains weak.

At the end of October, the amount of Treasury bills in the market reached P52,061 million, an increase of 67% over the end of last year.

The government has also resumed selling three-year Treasury notes, with the initial offering of P3.5 billion in September.

Offers of both Treasury notes and Treasury bills were oversubscribed by banks and other accredited government securities dealers although the

yields have slid to all time low.

The increase in government borrowings in recent months reflects efforts to stimulate the economy after severe damages in the past two years.

One of the key efforts initiated this year that will continue next year is the pump-priming in the countryside through the community employment and development program.

The program, launched toward the end of the third quarter, has had difficulties in fund disbursement which has delayed an intended resurgence in market demand by yearend.

The government has set aside P3.9 billion for the program for this year and P8.7 billion for 1987.

The pump-priming aims to elicit a response from the private sector which has continued to wait for an improvement

in demand for goods and services.

Once demand improves, it is expected that loan demand will also pick up. The government will then have to reduce its reliance on domestic credit for its spending.

Under the economic program with the International Monetary Fund for the next 18 months, the government is committed to trim the budget deficit, and consequently its borrowings from 4.4% of gross national product this year to 2.4% in 1987 and 2% in 1988.

In contrast, in the previous 18-month program, the budget deficit was keenly monitored by the IMF, seeing that it was reduced during the period. Last year, the budget deficit was kept at 1.9% of GNP, leaving the government with hardly any room for basic activities and further depressing the domestic economy.

## LOSSES HIKE CENTRAL BANK IDLE ASSETS

Quezon City BUSINESS DAY in English 19 Dec 86 p 2

[Article by Daniel C. Yu]

[Text]

Large losses incurred in the past few years as a result of monetary stabilization measures have bloated the Central Bank's non-performing assets.

Computations made by *Business Day* based on official CB data indicate that while the losses have decreased in recent months, the CB's capitalized expense account — what would amount to its non-performing assets — has increased significantly.

This account, consisting of the monetary adjustment account (MAA) and the exchange stabilization adjustment account (ESAA), totaled P48.8 billion at end-September — equivalent to one-third of the idle assets being transferred from the Philippine National Bank and the Development Bank of the Philippines to the national government.

Both the MAA and the ESAA have been set up to carry extraordinary expenses that the CB may incur in its operations.

The monetary adjustment account, as provided for in Republic Act No. 265 or the Central Bank Act, carries amounts which have been excluded from the CB's income statement.

Under the CB charter, the Monetary Board, the policy-making body of the CB, must amortize these expenses in at most 10 years at a rate based on the CB's profit for the period.

In 1983 and 1984, the CB incurred losses mostly on "forward exchange cover" (sale of protection against currency fluctuations) and "swap contracts" (purchase of foreign exchange from commercial banks).

These losses amounted to P16.8 billion in 1983, peaked at P19.3 billion in 1984 and dropped to P15.4 billion last year. As of last October, they were down to less than P1 billion, but this was because a number of swap contracts were not delivered. Outstanding swap contracts stayed at P13.2 billion.

The losses from forward cover and swap operations are reflected in the revaluation account of the CB's balance sheet.

**INTEREST.** Since March 1984, when the Central Bank started issuing high-yield CB bills otherwise known as "Jobo bills," its losses have been due to interest payments on growing outstanding CB securities and CB foreign liabilities.

These losses, together with expenses incurred on Central Bank certificates of indebtedness (CBCIs) and reverse repurchase agreements, have been capitalized under the MAA and the ESAA in the CB balance sheet.

For the first 10 months of this year, the CB's net interest expense totaled P11.73 billion compared to P15.6 billion at the end of 1985 and to P20.3 billion earlier projected for 1986.

The overall deficit of the CB from interest expense, forward cover and

swap operations reached P11.45 billion compared to P16.3 billion at the end of 1985 and to P21.7 billion estimated for end-1986.

**DIFFICULTY.** While the CB's actual losses have been going down since 1984, at the height of CB issuances of the high-yield CB bills, the MAA and ESAA have been increasing — reflecting CB's continued difficulty to amortize losses from open market operations from 1984 to 1985.

The MAA account increased from P10.4 billion in 1984 to P18.9 billion last year. At the end of last September it reached P25.1 billion, up 241% from 1984.

The ESAA account increased from P10.2 billion in 1984 to P16.9 billion last year and to P23.7 billion at the end of last September. It is now more than double its level when it was first included in the CB balance sheet in 1984.

DEVELOPMENT BANK LENDS POWER CORPORATION \$92 MILLION

Quezon City BUSINESS DAY in English 23 Dec 86 p 2

[Text]

The Asian Development Bank announced it has approved a \$92-million loan to the National Power Corp. (NPC) for a "third power system development project."

It added it has also approved \$260,000 technical assistance grant to NPC for a Luzon power system development study.

The ADB said the loan is the fifth it has approved for the Philippines this year and brings the amount for 1986 to \$316.3 million. The technical assistance grant is the eighth such grant approved this year for the Philippines, bringing the 1986 total to \$2.49 million, it added.

The latest loan, which will be drawn from the bank's ordinary capital

resources, will be repayable over 20 years, including a four-year grace period. The interest rate will be determined in accordance with the bank's pool-based variable lending rate system, the ADB said.

The main aim of the project is to upgrade the overall standard and reliability of the NPC power system and to reduce the frequency of power system outages at minimum capital cost with existing facilities.

The project also will provide spare parts and maintenance test equipment to meet maintenance and renovation requirements of power generation plants and transmission throughout the country and particularly Luzon, the ADB said.

CSO: 4200/249  
/9317

LAWYER SAYS CHARTER 'UNDEMOCRATIC', 'LEFT LEANING'

Cebu City VISAYAN HERALD in English 12 Dec 86 p 5

[Article by Vicente S. Del Rosario]

[Text] When Gen Douglas McArthur returned to the Philippines and drove the Japanese out of the country with his army in 1944, he lost no time in calling an election for President and Vice-President of the Philippines. Also, after the enactment of the 1935 constitution in that year, the first thing the government did was to call for an election for President, vice-President and members of the National Assembly.

In my 55 years of lawyering in the Philippines, a fact that makes me one of the oldest attorneys in Cebu, I have experienced that usually and normally, in all democratic countries, the first election after the approval of a constitution is for president and vice-president. But under the draft constitution that is now subject for ratification on Feb 2, 1987, we, the people, are in effect supposed to elect the president and vice-president by its ratification. Pres Aquino said in one of her speeches recently that "the ratification of the proposed constitution will legitimize her government." This is a clear indication that the coming plebiscite is only a ruse; it is actually an election to the presidency of Corazon Aquino, ratification being only a secondary purpose. This is a very abnormal situation never found in any democratic country. In effect, it is patterned after that of Russia where there is only one party and one candidate for each position to be contested—no losers, only winners.

From our reading of the draft constitution, we have come to the opinion that it is undemocratic and left leaning, because apparently, the majority of the 48 commissioners that drafted it are left leaning. We cite a provision in the draft constitution prohibiting the storing of nuclear weapons in the American bases in the country. This would make these bases inutile and useless in case of war against Russia whose naval base in Cam Ranh Bay could easily bomb and immediately obliterate the American bases in our country as the latter would have no power to retaliate in the same manner.

We therefore believe that this proposed new constitution is communist inspired. If we do not want to become a communist country then we should vote 'NO' in the coming plebiscite.

CSO: 4200/251  
/9317

# AQUINO GRANTS THIRD TAX AMNESTY EXTENSION

Manila MANILA BULLETIN in English 18 Dec 86 pp 1, 15

[Text]

President Aquino extended yesterday the expanded tax amnesty up to Jan. 31, 1987, following requests from the business sector led by Aurelio Periquet, president of the Philippine Chamber of Commerce and Industry.

This is the third extension granted by the President to real property taxpayers since the first deadline set for Oct. 31 was extended to Dec. 5 under Executive Order No. 54.

Mrs. Aquino also expanded the scope of Executive Order No. 41 providing for amnesty on income taxes to include estate, donor, and business taxes.

Mrs. Aquino said the government has received numerous requests from various sectors to extend the deadline of the expanded tax amnesty.

Executive Order No. 95, which the President signed yesterday, pro-

vides that the payment of the amnesty tax shall be as follows:

1. If P50,000 or less, the tax must be paid at the time of the filing of the return.

2. If more than P50,000, the tax may be paid in two equal installments: the first, upon the filing of the return; and the second, on or before Jan. 31, 1987.

3. If the amnesty tax or any installment is not paid on its due date, a surcharge equivalent to 25 percent of the unpaid amount shall be collected. The unpaid tax or its installment and the surcharge shall be paid not later than one month from the due date, or the application for tax amnesty shall be denied.

Taxpayers who have availed themselves of the tax amnesty under Executive Order No. 41, as amended, prior to Executive Order No. 95, shall continue to enjoy the benefits, immunities and privileges, she said.

'HIGHER AUTHORITIES' BLOCK BINONDO TAX PROBE

Manila MANILA BULLETIN in English 23 Dec 86 p 17

[Text]

Bureau of Internal Revenue (BIR) personnel monitoring or involved in the investigation of the notorious Binondo "central bank" could not go deeper reportedly because of pressures from "higher authorities," it was learned yesterday.

These sources said a total tax deficiency of as high as P1.6 billion had been assessed from the nine key members of the "syndicate" that handled the Binondo "central bank" which was reportedly "masterminded" by former Trade and Industry Minister Roberto "Bobby" Ongpin, brother of Finance Minister Jaime Ongpin.

However, according to

these same sources, the assessment was later scaled down considerably, enabling five of the nine "syndicate" members to pay only P5 million in taxes.

The Presidential Commission on Good Government was told that the "network" air-shipped to Hong Kong more than \$1 million each day, using private jets or even regular flights of Philippine Airlines (PAL). The shipments were reportedly escorted by agents of the national intelligence and security agency (NISA) headed by then Armed Forces chief of staff Gen. Fabian Ver, who fled with Marcos to Hawaii last February.

CSO: 4200/250  
/9317

# BAGUIO WEEKLY REACTS TO CABINET REVAMP, BUDGET

Baguio City THE GOLD ORE in English 6 Dec 86 p 6

["Turning Point" by Benjamin Salvosa and Edilberto Tenefrancia: "A Fresh Start"]

[Text]

A fresh start is how the Lady herself described the revamp she was making on her Cabinet. And the gentlemen whose "heads were rolling" accepted her decision with varying grace but not without the expected last ditch effort to stave off personal disaster.

Johnny lately the Minister of Defense took it in all good nature, even passing the word to his boys not to react rashly but to give all due cooperation to the new order in the ministry. Rogaciano Mercado accepted his relief from Highways with nary a whimper, though rumblings of protest were heard somewhere from his constituency in Bulacan. Ernie Maceda would thank the thousands of MNR officials and rank and file who gave him their full cooperation during his brief stint, and admit to having gained from the experience, and then turns over the helm of the ministry to his successor with a swipe at a colleague in the Cabinet whom he suspects of having done him in. He feels he can continue serving the administration as an in house fiscalizer which is probably propitious because the self proclaimed in house fiscalizer of the administration, Bono Adaza, had also been sacked and who while continuing to criticize the administration, now does it from the other side of the fence. Nene Pimentel knew long ago he had it coming and had probably braced himself enough for the coup de grace. His name was at the top among those whose heads the public clamored for. It was a no win situation, his successor Jaime Ferrer would later explain. For every OIC he appointed, he had several and their followers disappointed.

As of this writing, December 6, the successor of Labor Minister Bobbit Sanchez had not yet been named. Several names have been mentioned or recommended, and the one who seems to have the inside track is Cicero Calderon, formerly of the UP Asian Labor Center, formerly President of Silliman University, and now Bangkok based consultant of the International Labor Organization. It is possible the President had found new luster in the name of Sanchez or more need for his services, as to have changed her mind about replacing him. Or it is possible she is just being wary about alienating the KMU who though earlier amenable to the appointment of Calderon are now entertaining second thoughts about him. Along with Ministers Ileto (of Defense) and Ferrer (of Local Government), they consider him loyal to US interests and his appointment as not being attuned to making the "government more responsive to the nationalist and democratic interests of the Filipino people." They now threaten a nationwide strike, if Sanchez is fired. As for Sanchez himself, he was quoted in Singapore as saying, "after tonight, it's possible I will no longer have a job in the Aquino government."

The President has no unkind words of the men she removed from her Cabinet. She has praises for them but in some cases spoke of applying the test of Caesar's wife, a public official must not only be innocent, but above suspicion of wrong doing. As she removed Pimentel from the Ministry of Local Government, she inducted him into office as adviser on National Affairs with the rank of Minister.

There is varied reaction to her bold moves. Some say that a fresh start is admission of an earlier false start. Some say the revamp did not go far enough and rumors are still bruited about involving further cabinet changes. Some see a hand of Washington in the Cabinet changes prompting the American Ambassador to come out with a public statement explaining his government's support for President Aquino. He said Friday evening that his government's endorsement of President Aquino is based not only on the favorable perception of official Washington, but of her general popularity among the American people. This is good news, of course, to Mrs. Aquino and her government, but it is bitter pill to those who would maintain the independence and national integrity of the Republic. Who stays in Malacanang and who runs the country should be the exclusive business of the Filipinos. No Philippine President should feel or be made to feel that he needs something more than the popular mandate of the Filipino people, that he has also to gain the popular support of another nation ten thousand miles away.

#### A BUDGET FOR THE POOR

The revamped Cabinet has just announced the approval of a P122.8 billion budget for the incoming fiscal year. The annual budget, the financial support for the administration's national plan for the year, is supposed to be the handiwork of the legislature. But the Batasang Pambansa has been abolished and the Congress is yet a proposal. So in the meantime the budget though worked on and recommended by the Cabinet is the exclusive baby of President Aquino, officially named Proclamation No. 40.

It has been described by the Cabinet as addressing itself to the alleviation of poverty, the generation of employment, the promotion of social justice and the attainment of sustainable economic growth. If this budget achieves only half its purpose, it would go a long way in the service of the nation. For the enemies of the nation are not armed groups but, as Commissioner Guingona says, the forces of poverty, disease and ignorance. It is therefore a step in the right direction that the budget addresses itself to this enemy. It is therefore natural that the budget gives the lion's share to the Ministry of Education and not to the Ministry of De-

fense, although compared to this year's budget, Proclamation No. 40 has allocated more to the military establishment.

In the current debates on the Constitutional ratification, the proposed constitution has sometimes been attacked as not addressing itself to the problems of poverty but of enshrining the programs of the IMF-World Bank. This is not true.

As far back as 1935, the Philippines had already veered away from the laissez faire policy formerly popular in the United States. The 1935 Constitution, and in its train the 1973 Constitution, had repudiated the laissez faire doctrine. As early as 1940 Justice Jose P. Laurel had occasion to explain the shift in public policy. He wrote then -

"It should be observed at the outset that our Constitution was adopted in the midst of surging unrest and dissatisfaction resulting from economic and social distress which was threatening the stability of governments the world over. Alive to the social and economic forces at work, the framers of our Constitution boldly met the problems and difficulties which faced them and endeavored to crystallize, with more or less fidelity, the political, social and economic propositions of their age, and they did, with the consciousness that the political and philosophical aphorism of their generation will, in the language of a great jurist, 'be doubted by the next and perhaps entirely discarded by the third.' x x x Embodying the spirit of the present epoch, general provisions were inserted in the Constitution which are intended to bring about the needed social and economic equilibrium between component elements of society through the application of what may be termed as the *justitia communis* advocated by Grotius and Leibnits many years ago to be secured through the counterbalancing of economic and social forces and opportunities which should be regulated, if not controlled, by the State or placed, as it were, in *custodia societatis*. 'The promotion of social justice to insure the well being and economic security of all the people' was thus inserted as vital principle in our Constitution."

More so in the proposed constitution, do we find provisions that would give more in law to those who have less in life. And in a short term, this is reflected in next year's annual budget.\*

BAGUIO EDITORIAL VIEWS CHARTER PLEBESITE

Baguio City THE GOLD ORE in English 6 Dec 86 p 4

[Editorial: "Neither Yea Nor Nay"]

[Text]

**LISTEN** to the come-on for the ratification of the 1987 (?) Constitution and either smirk at the repetition of history or shiver with unwelcome memories. **VOTE YES AND STABILIZE THE NATION.** It rings like Marcosian rhetoric of 1983 and of quickie amendments to the fundamental law. We rebelled against this. We are supposed to be rid of this.

If the constitution itself is not stable, the constitution can only provide the appearance of political stability. If this latest constitution, the fifth since Malolos, is another child of haste, it cannot provide the strength and the dependability of national principle or philosophy.

Again we are asked to vote YES or NO, with government resources supporting the drive for a YES, a ratification. No matter how just, how appropriate, how effective the articles composing the constitution may be, we will not be ratifying them with discernment. We must ratify the whole.

If the plebiscite were to take up each specific provision of the constitution, most of us would still be either swallowing or spitting out the whole document. The drive for YES is still stronger than the drive to understand what we approve or disapprove.

Since the people must ratify what representatives have composed, let it be a conscious choice rather than a response to propaganda. Perhaps the worst advertisement for the democratic process of ratification is the banner that reads "YES FOR CORY AND DEMOCRACY." This should not be a "Cory Constitution" to be accepted or rejected on the basis of a personality — no matter how sincere and loved. The constitution belongs to no person — no matter how much that person needs to demonstrate legitimacy.

The pressure for legitimation was not there when President Aquino was installed by popular movement over the publicly-aided trickery of the Comelec court and the Batasan. What was important then was life, political life, and the chance to rebuild it.

A stable constitution, a people's constitution, is worth spending time on, worth waiting for. We should say neither YEA nor NAY until each principle that will determine the basic nature of law is familiar to all of us. *cd/r*

CSO: 4200/251  
/9317

# MANILA INAUGURATES JOLO WATER PROJECT

Manila MANILA BULLETIN in English 18 Dec 86 pp 1, 15

[Article by M. Casayuran]

[Text]

Jolo, neglected by the government in the past, is now getting the attention it needs from infrastructure planners of the Aquino administration.

This was disclosed yesterday by Deputy Public Works Minister Murphy Sangkula as he inaugurated the Jolo waterworks extension project, part of the P3.2-billion community economic and development program (CEDP) of the Ministry of Public Works and Highways.

Sangkula said the waterworks project involved the installation of water pipes stretching 15 kilometers from two spring sources.

Another project in Jolo, he said, is the concreting of a three-kilometer road linking Jolo with Timbangan town. The road project which employed some 2,000 workers in the area is nearing completion, he said.

The Jolo waterworks project was undertaken by the MPWH water supply project manage-

ment office under Dr. Florencio Padernal and the Local Water Utilities Administration (LWUA). It was constructed by the MPWH Region 9 under Director Badiamen Mamante and District Engineer Bensali Arandaia.

The Moro National Liberation Front (MNLF) did its share in the project by digging trenches for the water pipes.

Sangkula said hundreds of Muslim and Christian professionals, civic leaders, and businessmen also helped in digging two-meter trenches along the pipeline.

The waterworks project will benefit more than 8,000 families in Jolo. Aside from reducing the operation and maintenance cost of the waterworks system, the project will increase the water supply in the area, Padernal said.

Completion of the Jolo-Timbangan road project will hasten the socio-economic development in the area, Sangkula said. The road traverses five barangays of Jolo.

CSO: 4200/250  
/9317

# MINISTRY LISTS 65 PERCENT OF TOWNS AS POOR

Manila MANILA BULLETIN in English 18 Dec 86 p 8

[Article by C. Valmorin Jr]

[Text]

The Ministry of Local Government (MLG) reported yesterday 986 or 65 percent of the country's 1,534 municipalities are so poor they cannot even provide for their operating expenses.

These towns, with incomes below P600,000 each year, are classified as fourth, fifth, or sixth class, a study of the Ministry's Bureau of Local Government Supervision (BLS) said.

Of the 73 provinces, 68 or 93 percent, are classified as first class with incomes ranging from P3 million to over P10 million annually.

Only 53 of the 60 cities, or 88 percent, are first class with incomes ranging from P3 million to over P30 million.

The study showed that it costs about P400,000 to run a municipality each year and those earning below this amount depend on funds from the national government in the form of aid to provide their constituents with basic essential services.

A breakdown of income of these poor towns indicated that 360 have an annual income of from P300,000 to less than P600,000; 486 with P100,000 to less than P300,000; and the remaining 180 with less than P100,000 yearly income.

The MLG study pegged the annual operating cost of a municipality at P400,000 based on the following minimum expenses:

- P266,000 for salaries and wages of a minimum of 19 positions in the municipal civil service.

- P30,000 for mandatory obligations consisting of three percent life insurance, 6.5 percent retirement benefits, three percent for Pag-IBIG Fund, and contribution to Medicare.

- P155,000 for other obligations like 18 percent contribution to the Integrated National Police and other municipal counterpart funds.

The MLG did not say what it intends to do about the situation.

## USE OF LOCAL ENERGY REDUCED

Quezon City BUSINESS DAY in English 23 Dec 86 p 3

["Economic Indicator" column: "Use of Local Energy Down 2 Percent"]

[Text]

Utilization of indigenous energy decreased 2% to 33.1 million barrels of fuel oil equivalent in the January-October period from 33.8 million barrels in the corresponding months of last year, according to a Bureau of Energy Utilization report.

Overall, indigenous energy comprised 42.7% of total energy supply and generated foreign exchange savings of \$341 million, the bureau said.

It said oil output from the Nido, Cadlao and Matinloc wells was 2.4 million barrels of fuel oil equivalent, about the same as the year-ago volume, accounting for 3.1% of energy needs.

Hydropower plants' energy generation rose 7.8% to 8.3 million barrels equivalent. Hydropower remained the biggest energy resource, accounting for 10.7% of energy consumption during the 10 months.

Geothermal energy production fell 7.7% to

6.6 million barrels of fuel oil equivalent from 7.1 million barrels in the January-October period last year. The bureau said the Tiwi plan generated less geothermal steam during most of the period.

Geothermal energy provided 8.5% of total energy supply, the bureau said.

Coal consumption amounted to 5,064.3 million barrels of fuel oil equivalent, down 23.8% as cement plants and power utilities reduced their coal requirements by 7% and 30.6%, respectively. Coal consumption represented 6.5% of total energy demand, the bureau said.

Commercial nonconventional fuels used in the 10-month period were estimated at 13.5 million barrels of fuel oil equivalent, consisting mainly of bagasse and agro-industrial wastes, up 0.8% from the year-ago volume. They

accounted for 17.4% of total energy demand, the bureau said.

**AGGREGATE.** Overall energy consumption from January to October reached 77.5 million barrels of fuel oil equivalent, up 1.6% from the 1985 figure, the bureau reported.

Total oil consumption rose 6.4% to 44.1 million barrels, constituting 56.9% of total energy demand. Consumption of other energy resources went down 4.1% to 33.4 million barrels for accounted for 43.1% of energy requirements.

Imported energy resources consumed during the period totaled 44.4 million barrels of fuel oil equivalent, up 4.5% from the year-ago level. Oil imports rose 6.8% to 41.7 million barrels and represented 53.8% of the primary energy mix.

Coal imports dropped 21.6% to the equivalent of 27 million barrels, the

bureau said.

**IMPORTS.** Meanwhile, according to latest available data of the Central Bank, imports of mineral fuels and lubricants fell 38.64% to \$686 million in the January-September period from \$1,118 million in the corresponding months of last year.

These consisted for coal, coke and briquettes; petroleum crude; and other mineral products.

Nine-month coal imports were registered at a freight-on-board value of \$34 million, down 15% from \$40 million in the corresponding months of last year.

Petroleum crude imports dropped to \$562 million from \$984 million, with a volume of 36.64 million barrels at \$15.34 a barrel from January to September. The corresponding 1985 volume was 36.41 million barrels with a unit price of \$27.02 a barrel, according to CB data.

POWER CONSUMPTION CUT ALMOST 2 PERCENT

Quezon City BUSINESS DAY in English 23 Dec 86 p 3

[Text]

Power consumption from January to October, net of utilities' own use and losses, was registered at 4,207 gigawatt-hours, down 1.7% from the year-ago level, the Bureau of Energy Utilization reported.

The industrial sector accounted for 38.6% of total demand, the residential sector 19.1% and the commercial sector 14.3%, the bureau said, adding that the electric consumption by industries and households decreased 2.1% and 2.9%, respectively.

Power generation, at 18,989 gigawatt-hours (equivalent to 32,853 million barrels of fuel oil), accounted for 42.4% of the country's energy consumption, the bureau said.

It said non-oil energy

comprised 62.7% of total power supply with hydropower and geothermal power accounting for 25.2% and 20%, respectively. Oil still constituted 37.3% of the total fuel mix for power generation, it added.

Installed capacity of electric generating plants increased by 309.8 megawatts in the January-October period, bringing the total to 6,444 megawatts, the report said. The increment was mainly in hydropower plants and the coal-fired plant in Calaca, Batangas.

Coal provided 12.9% of the power generated during the period.

Average plant capacity utilization fell to 40.4% from 42.4% in January-October 1985, the bureau said.

CSO: 4200/249  
/9317

## EDITORIAL CITES PUBLIC WORKS MINISTER ON NEED FOR ROADS

Manila MANILA BULLETIN in English 18 Dec 86 p 6

[Editorial: "Country Roads"]

[Text]

**T**HE massiveness of the need for roads and bridges may be seen in the fact that despite the attention given by the past administration much remains to be done. New Minister of Public Works and Highways Vicente Jayme stated upon assumption of office that more infrastructure projects would be constructed in the depressed areas. He cited the Bondoc peninsula which he said the insurgents were able to convert into training camps because of the absence of roads.

It is only by such indications that the public at large is made aware of the deficiencies in the

road and bridge-building program. For such program is not readily susceptible to public appraisal. It is like forest denudation. The public becomes aware that the forests have been wantonly destroyed only by the occurrence of floods and droughts of unprecedented severity. The forests or what remains of them cannot be seen by the general public. Therefore, the public has to rely on the good faith of the government agencies in charge of the program.

It is true, as Jayme says, that the depressed areas are badly in need of roads, the country has

still some way to go before fully tapping its agricultural potential, for the creation of wealth from the soil and the waters is necessarily limited by the inadequacy of distribution and communication facilities. Measuring the potential by factoring in the country roads and bridges in the vast remote areas will be important to policy-making.

A professional manager with the experience of Jayme can change the outlook of the bureaucracy involved in roadbuilding. He should know what ought to be the new thrusts of this particular task.

BALWEG, ENRILE ON LABAN SENATE CANDIDATES LIST

Quezon City BUSINESS DAY in English 19 Dec 86 p 28

[Article by Michael D. Marasigan]

[Text]

The Lakas ng Bansa (Laban), a political movement formed a month ago to support President Corason C. Aquino, has listed 32 possible senatorial candidates that include renegade priest Conrado Balweg and former Defense Minister Juan Ponce Enrile, an organizer disclosed yesterday.

Agriculture and Food Minister Ramon V. Mitra, one of Laban's regional chairmen, revealed the list which includes 12 ministers, two deputy ministers, three newsmen, two educators, two former ministers (including Enrile), a presidential adviser, three relatives of the President and six other prominent leaders from both the government and private sectors.

Mitra, who is considered as one of the prime movers of Laban, is not included in the list. He reiterated that he wants to stay as the agriculture and food minister.

"I have been in the Senate; it's enough. If I want to run again as a senator, probably it will be after 12 years from now," Mitra told newsmen.

Political observers, however, noted that Mitra's popularity might force him to run for senator in May. A deputy minister commented that "Mitra has no choice if the President asks him to run."

According to Mitra, Laban will invite Enrile, "who has been behaving well since his ouster from the Cabinet," if he does not campaign for the non-ratification of the draft Constitution.

Observers noted that it is unlikely for Enrile to join Laban. The former defense minister had announced earlier that he would remain a member of Nacionalista Party. The other former minister in the list is former Natural Resources Minister Ernesto Maceda.

In the case of Balweg, Mitra said: "Don't underestimate his popularity; he is going to be an attraction."

Justice Minister Nepomeli Gonzales, Laban president, heads the list of the movement's senatorial candidates. Being the standard bearer for Lakas, Gonzales will likely be the Senate's president, Mitra said.

Aside from Gonzales the other ministers in the list include Labor and Employment Minister Augusto Sanchez, Agrarian Reform Minister Heherson Alvarez, National Affairs Minister Aquilino Pimentel, Budget Minister Alberto Romulo, Trade and Industry Minister Jose Concepcion, Political Affairs Minister Antonio Cuenco, Government Reorganization Minister Luis Villafuerte, Transportation and Communication Minister Hernando Perez, Local Government Minister Jaime

Ferrer, General Services Minister Victor Ziga and presidential counsel Rene Sagunang.

Mitra is sure that all of these ministers will run for the Senate except Villafuerte who might opt to run as governor of Camarines Sur.

Cordillera peace negotiator Agapito Aquino, President Aquino's brother in law, is also being drafted but if he decides to run as a governor of Tarlac, his brother Paul is being considered. Another relative of the President, former congressman Francisco Sumulong, is included in the list.

According to Mitra, Laban is also considering Chief of Staff Gen. Fidel Ramon, but it seems he has no intention of enter-

ing politics. His sister, deputy foreign affairs minister Leticia Shahani, may take his place.

National Food Authority administrator Emil Ong, who is Laban's chairman for Region VIII, is the other deputy minister included in the list.

Laban, launched last month to campaign for the ratification of the constitution, has also invited *Philippine Star* publisher and columnist Maximo Soliven, Manila Times publisher Alejandro Rocas and broadcast journalist and former Constitutional Convention delegate Jose Mari Velaz.

University of the Philippines president Edgardo Angara and Polytechnic University of the Philippines president and former political de-

tainee Nemesio Prudente are also in the list.

The other possible candidates include National Park Development Committee chairman and TV personality Orlando Mercado, Monetary Board member Jesus Ayala, street parliamentarian Lorna Verano Yap, presidential military adviser Maj. Gen. (ret.) Jose Magna, Liberal Party president (Salongawing) Judy Araneta-Roxas, Cebu mayor John Osmena and ambassador at large Omar Dianalan.

The list does not include Presidential Commission on Good Government chairman Jovito Salonga who, according to Mitra, wants to field his own candidates "to test his popularity" in preparation for his presidential bid in 1992.

BICOL CPP SPOKESMAN ALLEGES 'RIGHTWING EXTREMISTS' RAIDS

Manila MANILA BULLETIN in English 17 Dec 86 pp 1, 12

[Article by Manny Pinol]

[Text]

An armed group believed to be composed of rightwing extremists has launched a series of attacks, including bombings, in Bicol that could shatter the ceasefire in the region, communist leaders revealed last Monday.

Rodolfo Nuevo, Communist Party of the Philippines (CPP) spokesman for Bicol, reported the presence of the group in a press conference held in a new People's Army (NPA) stronghold somewhere in the region.

Nuevo said that last Dec. 13, unidentified men in military uniform raided a house where an ailing NPA cadre and his wife were resting. The cadre and three civilians were wounded

while the NPA man's wife was missing, he said.

That same night, Nuevo said, the house of former Ligao (Albay) Vice Mayor Pacoy Gonzales was bombed. No other details were given.

NPA spokesman Willy Guerrero said the Ligao bombing and four other similar attacks over the past two months started after a Constabulary officer who headed a notorious intelligence group during the Marcos regime, was assigned in Albay.

During the same press conference, National Democratic Front (NDF) leaders also denied reports that the NPA units deployed in five "guerrilla zones" in Bicol have not agreed to observe the cease-

fire agreed upon by the NDF and the government.

They said that even before the ceasefire took effect, they had made broadcasts through the Bicol media announcing a unilateral ceasefire starting Dec. 8.

"In spite of this, the Camarines Sur military command has continued its operations against us," NDF leader Jumbo dela Paz said.

Guerrero said the NDF could not lodge a formal protest against the recent bombing incidents because the regional ceasefire committee has not yet been formed.

He said that safe conduct passes for representatives of the NDF, CPP and NPA to the ceasefire committee have not been issued.

"We suspect there is an attempt to delay the whole thing," Guerrero said. "We want the ceasefire to succeed but, of course, we are prepared for any eventuality."

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/9317

# PRIEST PICKED TO HEAD CEBU NDF PEACE TALKS

Quezon City ANG PAHAYAGANG MALAYA in English 19 Dec 86 p 16

[Text]

CEBU CITY - Can a priest remain with a revolutionary movement and still consider himself a church minister who can preach the word of God?

This question was on everybody's lips following the announcement of the rebel movement last week that its top peace negotiator in Cebu is a Catholic priest.

"Yes, he can still be a priest but his statements and actions are made as a member of the National Democratic Front and not as a priest or a representative of the church," Cebu Archbishop Ricardo Cardinal Vidal said.

The Cebu prelate, himself an active participant in the current government effort to forge lasting peace with the rebels, said Fr. Rustico Tan of the Sacred Heart Missionary can act as NDF Cebu chief negotiator in talks with

Cebu government officials but he does so as member of the NDF and not as a priest.

"When he came out in public (during the peace rally marking the start of the 60-day ceasefire), he did so as an NDF man and not as a man of God," the Cardinal pointed out.

Eventually, however, Cardinal Vidal said, Fr. Tan must have to choose whether to remain with the church and discharge his duties as an apostle of God or join cause with a communist movement which is said to be espousing a godless ideology.

The movement's armed group, the New People's Army, allegedly sanctions violence to further its cause which is contrary to the church advocacy of peace.

Fr. Cornelius Braun, superior general of the Sacred Heart Mis-

sionary, said in an interview with a local daily that Fr. Tan had been on leave from the order since he went underground in 1985.

He said Tan asked permission to leave the missionary community for three years "to participate in the liberation of national sovereignty and democratic interests of the Filipino people."

Braun said it was a painful decision for Tan who opted for a higher form of call which is the liberation of the oppressed Filipino people.

Whether the priest will leave or remain with the priesthood, Braun said Tan had told him, it will depend on the outcome of the ceasefire.

"He is still very much part of the priesthood and if he will leave us, it will be a great loss," Fr. Tan's superior said. (PNA)

CSO: 4200/252  
/9317

# DAVAO ETHNIC TRIBE JOINS ANTI-NPA DRIVE

Davao City DAVAO STAR in English 23-25 Nov 86 pp 1, 5

[Text]

Kapalong, Davao del Norte - Two persons were killed when a rebel group engaged in a brief running gunbattle with the armed band of uprising Cultural Minorities belonging to the Ata tribe in sitio Kapangan of this town at about 3:00 in the afternoon last November 12, 1986, Wednesday.

The lone Ata fatality was one Lario Masalu, on Dumalandong, 20, single. Lario is the nephew of Datu Bolinaso Dumalandong, who is one of the leaders of the Cultural Minorities groups that staged an anti-insurgency activities (Alas Nativo) locally known as "Pangayao to the NPAs".

The dead NPA was not identified in the report submitted by natives to the local authorities du-

ring the "Summit Conference" called for the hundreds of christian and native evacuees who were affected by the ongoing "Pangayao to NPAs by splintered groups of cultural minorities led by at least six Datus. "

The six Datus, who are identified to be responsible in —the Alas Nativo are: Datu Joaquin Sugatan, Datu Bolinaso Dumalandong, Datu Laris Masaloon, Datu Calocog Masaloon, Datu Selompao Ugboy and Datu Apiola Cawidgan.

In a three-page handwritten letter dated November 8, 1986, addressed to OIC/Governor Prospero Amatong, PC/INP Provincial Commander Lt. Col. Nelson Estares, OIC/Maryor Vislumino Tumundong of Kapalong and two Parish Priests: Fa-

ther Bacod and Muso, the Datus concerned explained that due to atrocities committed by the NPAs to the natives including exorbitant taxes imposed by the NPAs to them, they (the Datus) declared the pangayao to the NPAs.

In the same letter which they affixed their signatures and thumb marks the concerned Datus further stressed that as long as the NPAs will not cease from operating within their respective natives territories and stop committing human right violation and other abuses, they will go on hunting the government enemies through operation "Pangayao".

The six Pangayao leaders also denied the report that their Chieftain Joe Libayao has something to do with the Pangayao. (W S O)

FORTICH URGES NAFF NOT REPORT UNCONFIRMED VIOLATIONS

Quezon City ANG PAHAYAGANG MALAYA in English 20 Dec 86 p 4

[Editorial: "The Fortich Complaint"]

[Text]

There is sanity in the admonition by Negros Bishop Antonio Y. Fortich for the New Armed Forces of the Philippines to refrain from releasing to the media unsubstantiated field reports of "potential ceasefire violations" even before these have been formally submitted to the National Ceasefire Committee.

The NCC chairman has reason to be piqued by the military's penchant for using the press to create what National Democratic Front leader Antonio Zumel calls "an emerging pattern" of such loose reports that give the impression that the rebels are bent on violating the truce accord every which way they can.

While either of the two parties — the military or the National Democratic Front — is capable of violating the truce, great care must be taken to ensure that only the NCC, as supreme arbiter for such matters, should declare when such violation had taken place and by whom.

What could happen — as two recent cases have shown — is that one unsubstantiated or unconfirmed report from the military about a "possible truce violation" is quickly denied by credible authorities just as quickly as they have been issued by the NAFF. Of course, the

media will print these denials, but if this "emerging pattern" happens everyday, people will become confused about the real status of the ceasefire.

That alleged incident in La Union, where no less than the police chief himself cleared the rebels who had earlier been accused of shooting at soldiers, is one clear case of how confusion could ensue from such unconfirmed field reports. Now, the NCC is tackling the case of that shooting in Caoayan town in Negros, where the military was quick to accuse the rebels of shooting at a bus filled with civilians, resulting in the death of two people, including an 8-year-old boy. Yesterday, truce monitoring groups said the boy's mother herself testified that soldiers in the bus had started the shooting. Then again, the NCC team that flew to Ligao, Albay to verify an alleged NPA attack that killed three at a public dance, failed to find evidence showing the NPA hand in the incident.

Bishop Fortich, a credible, fiery champion of human rights, has reason to complain against the military using the media for its own propaganda. We recall how the AFP under Marcos used to complain about reports of human

rights groups that refuted military claims about "encounters" in the provinces. When the rights groups would conduct fact-finding investigation and reveal testimonies showing there was no clash, but that some abusive soldiers had simply killed helpless civilians suspected of being rebels or rebel sympathizers, the AFP would simply dismiss the groups as communist fronts.

We do recall also how, until recently, the military complained it was losing in the propaganda war to the NDF. Perhaps issuing these raw, unsubstantiated field reports is the NAFP's way to even up the score with the rebels?

The danger with this kind of strategy is that it does not only hurt the rebels'

cause. It also hurts the cause of the ceasefire, on which so many Filipinos have pinned their hopes for a lasting peace. The NCC will not be helped any in its sensitive, difficult job by such irresponsible reports. The most these would do is to create confusion and possibly even abort the 60-day agreement.

The most decent thing any patriotic Filipino can do today is to let the proper authorities, in this case, the NCC, do their job in making the ceasefire work without having to be bothered by such obstructions as misleading or erroneous reports. That goes for both men in the AFP and the rebels' ranks.

CSO: 4200/252  
/9317

FORMER NEGROS KBL 'KINGPIN' GUSTILO DEATH REPORTED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Dec 86 pp 1, 6

[Text]

**BACOLOD CITY** - Former Negros political kingpin Armando Gustilo died at a Texas hospital in the United States Saturday after falling into a coma for a week following a lung surgery. He was 64.

Sources from the Gustilo family in Victorias town said the former congressman and political ally of deposed President Marcos died at 10 a.m. Saturday Manila time.

A man close to the Gustilo family in Manila confirmed the death but gave no further details.

At the time of his death, Gustilo was facing charges for the murder of at least 20 protesters Sept. 20 last year in the infamous massacre in Escalante town.

Gustilo had asked the Supreme Court to quash the charges filed against him after a fact-finding probe implicated him and more than 40 others in the massacre.

Gustilo was allowed to travel

to the United States last October by the Tanodbayan to allow him to have a thorough medical check-up for his worsening kidney disease.

Doctors at the Texas Medical Center in Houston discovered after a series of tests that Gustilo had a cancerous lung and scheduled surgery to remove it.

The sources in Negros said an infection in Gustilo's leg spread throughout his body, causing complications which led to the discovery of lung cancer after a medical checkup.

Gustilo underwent a kidney transplant several years ago.

Arrangements are being finalized by the late politician's close kin to fly his body to the Philippines for burial in his native Cadiz City, where he established his political base. He ruled virtually unchallenged for many years until former President Marcos's fall from power during the February revolution.

Gustilo's family deplored the "cruel and inhuman" treatment to which the former congressman was subjected by the Aquino government.

Through a spokesman, they said that the Tanodbayan filed 20 counts of murder and 24 counts of frustrated murder against Gustilo in connection with the Escalante massacre "despite the fact that the government did not have a shred of direct, concrete evidence linking him with the killings."

They also said that the government "illegally sequestered" Gustilo's property and the property of his children.

Furthermore, they said, the government prevented him from exercising a universal human right, the right to travel, by placing him on the "hold" order list.

The spokesman said the "hold" order was lifted only after Gustilo complied with the "unconscionable requirement" of the Presidential Commission on Good Government that he post a cash bond of P500,000 to be forfeited should he fail to return within 60 days of departure and should he violate the other terms of his travel permit - that his travel should be only for the purpose of medical treatment and that he should not go to or pass through the state of Hawaii.

CSO: 4200/252  
/9317

MALAYA CONCEPN OVER GOVERNMENT THREAT AGAINST KBL RADIOS

Quezon City ANG PAHAYAGANG MALAYA in English 23 Dec 86 p 4

[Editorial: "New Form of Gagging"]

[Text]

The warning issued by a ranking telecommunications official regarding the possible closure of many of the country's 305 commercial radio stations leaves several serious questions hanging, apart from the fact that it is filled with ominous implications.

The official, Deputy Commissioner Jose Luis Alcuaz, said the stations, mostly on the AM band, are on a target list for their failure to renew their licenses, which all expire Dec. 31.

At the same time, however, Alcuaz was hinting that most of the so-called "erring stations" are mostly those using air time for "propaganda purposes" rather than for legitimate broadcasting, and many of these are, of course, those carrying the Marcos loyalist line.

While the government is fully empowered to close down broadcasting entities for technical and administrative reasons, it is inevitable that the issue of political harassment will crop up, and will be raised by the objects of the crackdown.

One recalls how, during the heat of the anti-Marcos fever after the Aug. 21, 1983 murder of Benigno Aquino Jr., the former dictator's minions also an-

nounced they would close down many small radio stations in the provinces — mostly those provinces critical of the regime — or force these to merge with bigger ones purportedly because their operations have become unviable. That, political analysts say, was a thinly veiled plot to put broadcasting media in the hands of the monopolists close to Marcos.

The Alcuaz warning may raise similar fears.

While the Aquino government has time and again vowed — and proved — it would uphold press freedom, there have been recent incidents tending to show that it was also starting to look at the free-wheeling mass media as a monster.

Not a few officials have expressed concern about the government being at the receiving end of too many speculative and sensational stories that tended, they said, to destabilize the regime. The Armed Forces, which claims to be the loser in the propaganda war with the communists, has set up its own radio station.

Instead of dismantling what she called Mr. Marcos's wide and expensive propa-

ganda network, President Aquino recently fired off orders to "streamline" these media agencies of government, while vowing not to use them to smokescreen its faults, just like what the deposed dictator did.

The other day, a commentator of the government-run Radyo ng Bayan claimed he was fired because of his critical stance against certain state policies.

While we still have to see how well the government avoids using its mass media agencies for its own purposes, the authorities should go slow about dealing with private media, or risk being misunderstood.

If an agency like the NTC should ever try to be judge of what is moral in mass media content, it could end up swallowing more than it can chew.

CSO: 4200/252  
/9317

# Cojuanco Hits Comelec Overseas Registration Bar

Manila MANILA BULLETIN in English 19 Dec 86 pp 1, 17

[Text]

Former ambassador Eduardo M. Cojuangco Jr. accused the Commission on Elections (Comelec) of political persecution yesterday for allegedly denying him and his family their petition to register.

Cojuangco issued the statement through his counsel and spokesman, Gabriel L. Villareal, criticizing what he called "haste and arbitrariness" in denying the petition.

"The Cojuangcos are not seeking any 'special consideration' as the Comelec would want it to appear," Cojuangco said. "They only want to assert their inalienable right."

"It is clear that the Comelec announcement was designed to bar certain political personalities who are viewed as a threat to the current leadership from participation in the polls," Cojuangco said.

The government, as a result of the Comelec decision, will disenfranchise about 800,000 Filipino workers in the Middle East and more than one-million Filipinos in the United States, he added.

Cojuangco noted that the Comelec failed to anticipate the need of Filipinos working abroad to exercise their right of suffrage anywhere they are and which is not provided in the draft constitution.

He described "as grossly undemocratic" Executive Order No. 60 nullifying the old voter's lists, without providing procedures and guidelines for the registration of overseas Filipinos.

While the proposed new constitution provides for a system allowing overseas Filipinos to vote, the government has elected to deny these Filipinos the same right in the coming plebiscite and elections, he said.

Comelec officials,

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## THAILAND

### SITTHI'S SPEECH ON FOREIGN POLICY

BK171231 Bangkok Voice of Free Asia in Thai 1030 GMT 12, 15, 16 Dec 86

["Special report" on Foreign Minister Air Chief Marshal Sitthi Sawetsila's speech: "Stability, Development, Democracy, and Thailand's Foreign Policy in Late 1980's," delivered at the Foreign Correspondents Club of Thailand on 11 December; broadcast in three installments--read by announcer]

[Text] I would like to thank the president for your introduction. I am very happy to be with you once again, and this is the first time since the current cabinet took office after the past election.

The past election was another chapter in the evolution of democracy in Thailand. That the election was relatively orderly testifies to the increasing political awareness of the Thai people. Furthermore, subsequent demonstrations of political acumen by the loyal opposition in the House of Representatives, which I hope will not be too often, augur well for the future of the parliamentary system in Thailand. The government also has emerged from these parliamentary tests with greater resolve, having successfully demonstrated its commitment to the democratic process.

To many, particularly in the Western eyes, Thailand's internal politics may appear perennially unstable. To you trained observers, the facts are usually more intricate. Thai have their own peculiar way of dealing with political crises and problems which seem to have sometimes confounded even the most astute students of Thai politics. You have to look beyond changes in government to our track record of consistent adherence to international obligations and our constant improvement of policy and its implementation.

In addition, you will probably agree that Thailand is fortunate to be blessed with the most cherished institution which has been the bedrock of stability in this country. I am referring, of course, to the monarchy. Thus, I am confident that we will be able to solve the short-and-medium-term problems before us, be they political, economic or otherwise. Our goal is to develop a democratic and prosperous society. We shall continually work to ensure that the democratic process will take firm roots in the Thai political culture. Likewise, we are determined to expend every effort to secure a firm and balanced agricultural and industrial base for Thailand by the turn of the century.

But in order for the country to proceed along this charged course Thailand's external environment must be conducive to our national security and economic development. Towards this end, this government has identified certain priority tasks. They include: promoting conditions for peace and stability in the Southeast Asian region and improving in concert with others the international economic environment favourable to the expansion of international commerce and our own economic development. I am referring specifically to the ongoing efforts to develop a strong and cohesive ASEAN; orderly and mutually beneficial relations with our neighbors and the external powers; and a liberal international trading system whereby fair and open economic activities may be pursued.

As you all know, the top leaders of the six ASEAN nations will have their third summit meeting in December next year at Manila. The summit is to examine the record of ASEAN cooperation, to assess its potential and to chart its future course in political and economic cooperation. For the past 2 decades, ASEAN has served the various needs and interests of its members adequately. Successive Thai governments have pronounced the cooperation with ASEAN as a cornerstone of the country's foreign policy.

The past decade, since the last summit in Kuala Lumpur in 1977, has witnessed several major changes which have significantly affected ASEAN and its member countries. Our leaders need to collectively devise appropriate responses to the new circumstances.

Such responses, especially those addressing the economic challenges affecting the future directions of ASEAN, will cover a comprehensive spectrum of issues involving a cross-section of the government and private sectors. The agenda before us will cover both issues related to intra-ASEAN relations as well as those with other nations. On a more personal plane, the summit will afford an invaluable opportunity for the ASEAN leaders to get together and renew their acquaintances. I am convinced that such is an extremely useful exercise in further cementing the unity of ASEAN. In short, we place great emphasis on promoting stability and prosperity in Southeast Asia. Much will depend, of course, on the readiness on the part of the respective ASEAN members to demonstrate their political will and exercise necessary political commitment, particularly in these times when these countries are encountering in varying degrees common crucial economic crises and challenges.

In our continuing effort to develop better understanding and consequently, more beneficial relations with our neighbours, the Cambodian problem remains a major stumbling block. Realistically it is difficult to envisage a solution to this very complex problem in the immediate future. Vietnam on its part has been advertising that it will settle the problem and withdraw militarily from Cambodia by 1990 or about 4 years from now. But looking at Vietnam's continued failure to subjugate the Cambodian people and the growing viability of the Cambodian Resistance makes one wonder if the Vietnamese pronouncement is credible. Furthermore, Vietnam's economic health, by Hanoi's own admission, is in deep trouble, compounded by Vietnam's isolation from the international community as a result of its mistaken Cambodian policy.

Such a situation hardly aids Hanoi's ambition to speed up its attempted fait accompli in Cambodia. In the meantime, Vietnam's principal backer, the Soviet Union, the so-called Vladivostok Initiative notwithstanding, has shown little or no inclination to help resolve the problem by continuing to adopt a non-involvement stance. Nevertheless, I believe there are some encouraging prospects for an eventual settlement. I think the Hanoi leadership, when meeting at the sixth Vietnamese Communist Party Congress in mid-December, ought to do herself a big favour by posing for her own scrutiny the following questions:

Is the current policy of assuming for herself the big brother's role in dealing with the other two Indochinese countries accruing more benefits or losses?

Can Hanoi continue forever to ignore the security interests of others while insisting on maximizing its own at others' expenses?

How long will Hanoi continue to flout the internationally sanctioned rules governing interstate relations and go on paying the penalty of being an international pariah as well as impoverishing its people?

I believe that all countries in the region can live in peace by acknowledging and respecting the interdependence of security.

Thailand sincerely hopes that the Vietnamese Communist Party's Congress which will be convened in a few days would set a new stage for peaceful coexistence between Vietnam and her neighbors by abandoning the futile dreams of creating an Indochina Federation by coercion and concentrating on the tasks of economic development to lift Vietnam from the status of one of the least developed countries of the world.

Turning now to our northeastern neighbor, Laos, the recent visit to Vientiane by the Thai delegation led by the advisor to the prime minister, Dr Arun Phanuphong, is a step forward in improving the Thai-Lao relations. As our kins and brothers from time immemorial, the Lao people have always had a special place in our hearts. We therefore, will do what we can to facilitate the economic well-being of the Lao people. We will seek to maintain and strengthen the ties between our two peoples. We will be open to any proposals for joint endeavours that would bring mutual prosperity and peace to people on both sides of the Mekong River. We hope that in spite of the understandable constraints that presently circumscribe her freedom of action, Laos will join with Thailand in realizing our common objective to make the Mekong, the river of peace and friendship between our two countries and peoples.

The next sphere of external environment, the developments which could impact on Thailand's security and economic development, is the configuration of power in the Southeast Asian region. At present, a rough distribution of power prevails in the region. On the one hand there are those who seek to expand their influence or to project their power: Vietnam on land and the Soviet Union by sea. On the other hand, there are ASEAN which aspires

to Zone of Peace, Freedom and Neutrality, the United States which seeks to maintain her role in preserving peace and stability in the Asia-Pacific region, and China which is concerned with the protection of her southern flank. Cambodia happens to be the vortex, in which all sides interface. Cambodia, therefore, will be the crucible, out of which a new configuration of power in this region would emerge. How the Cambodian question is settled will consequently determine the distribution of power in Southeast Asia for years to come.

Since rivalry among the major powers in Southeast Asia is detrimental to regional stability, Thailand would seek to undertake in cooperation with her ASEAN friends in our joint endeavours to minimize the impact of extra-regional powers' rivalry on Southeast Asia.

Since Southeast Asia is part and parcel of the Pacific, Thailand is also concerned about the possible effects of any rivalry among the major powers in that area that could send repercussions to our area. We, therefore, would wish to see improvement of relations among the major powers in the Pacific which would lessen their rivalry and facilitate the settlement of the Kampuchean problem.

We also support the dialogues between North and South Korea leading to the decrease of tension on the Korean peninsula and Northeast Asia. We further want to see ASEAN acting as a force for peace and commerce in the Pacific, inducing the major powers to substitute trade and economic cooperation for power competition. An economically strong and politically cohesive ASEAN would be a constructive force in influencing the emergence of a peaceful and prosperous community of the Pacific nations perhaps during the end of this century.

Since the Pacific is the natural geographical sphere of external environment of Thailand, we are rightfully concerned with developments in this area. However, this does not mean that other areas are of lesser importance to us. Thailand values our friendship with the littoral countries of the Indian Ocean since Thailand too is a member of those countries. We therefore wish to see increasing cooperation between ASEAN and the member countries of the SAARC, the regional organization of the South Asian countries.

Thailand also cherishes the political and economic cooperation that the EC has provided to us bilaterally and multilaterally through the ASEAN-EC framework. We therefore welcome the EC's increased economic and political presence in Thailand and ASEAN. We also view Mr Cheysson's recent visit to Laos as a good omen and would encourage the EC to render economic assistance to Laos.

The spheres of external environment which I have described thus far concern primarily the security dimension of Thailand's foreign policy. In this day and age, however, when security and economic issues are intertwined, interrelated and interdependent, Thailand's foreign policy must focus also on the economic dimension. Since the value of our foreign trade now accounts

for more than half of our gross domestic product, Thailand's future is tied to the health of the world economy.

During the past decade, the external shocks on Thailand have been quite severe. As in the case of most developing countries, Thailand was hit by deteriorating terms of trade, recession in the developed countries, rising protectionism, and growing debt service obligations. The plunge in oil prices has improved the overall outlook of our economy but we should not forget that as recently as last year, Thailand's balance of payments suffered a loss equivalent to 17 percent of our gross domestic product.

There are some encouraging trends. The fall in the prices of crude oil. The lowering of the interest rates, the yen appreciation and the dollar depreciation have led to a sharp increase in Thailand's manufactured exports. This has helped to cushion the impact of the decline in the prices of our agricultural products and primary commodities which are at their lowest in the past two decades. These two developments--rising value of our manufactured exports and dwindling prices of our agricultural exports--should be viewed as writing on the wall, calling for adjustments in our domestic and foreign economic policies.

The present government is certainly aware of the structural changes going on in the world economy which impact on Thailand. Thus, we are pursuing the course of structural adjustment as prescribed in the Sixth Five-Year National Economic and Social Development Plan. If Thailand is successful in achieving its own structural adjustment, it is possible that our economic growth rate could be 6-7 percent per year instead of the projected 5-6 percent. If that is the case, Thailand could become an industrial country in the 1990's.

The economic mission of Thailand's foreign policy is therefore to influence the external economic environment of Thailand to develop in such a way as to facilitate Thailand's structural adjustment. In this connection, we have done and shall do the following:

1. Deal with the agricultural subsidies which have exacerbated the problem of low commodity prices brought about by excess supply. Thailand hosted the Pattaya meeting of non-subsidizing countries who later formed the Cairns Group of 14 which played a key role on the issue of agriculture at the GATT Ministerial Meeting in Punta del Este. Through this group, Thailand's interests were articulated and effectively advanced. We will continue to play an active role through this group during the Uruguay Round to seek increased discipline in agricultural trade and the elimination and reduction of agricultural subsidies within an agreed time frame.
2. Fight protectionism which if permitted to rise unobstructed would strangle our export industry, which is the key vehicle of the structural adjustment of the Thai economy. The Uruguay Round again will be the focal point of our cooperation with other developing countries to liberalize and expand world trade, including improvement of access to market, and to increase the responsiveness of the multilateral trading system to the evolving international economic environment.

3. Search for additional markets for our exports especially in the socialist and the developing countries in order to improve our terms of trade and circumvent the protectionist problem. My recent trip to China and projected visits to Africa and Eastern Europe next year are part of this effort to find access to additional markets for Thai exports. In this connection, Thailand is willing to trade with all countries, irrespective of differences in ideology and political and economic system.

4. Aggressively promote Thai interests and understanding of our political and economic situation in selected countries in order to maintain and to expand market access for Thai exports. The obvious example is the United States, which is now Thailand's biggest export market. Recently, when our exports under the GSP [General System of Preferences] programme faced possible reduction, the government was successful in negotiating with the U.S. authorities to maintain our market access to the United States. As Thailand's trade problem with the United States has just begun only a few years ago, we are just beginning to grasp the intricacies of the complex network of relationships between the U.S. domestic industries, Congress and the Administration. But we are learning quickly how to defend and promote our economic interest with the United States.

5. Expand and employ our embassies abroad as effective instruments of our economic diplomacy, facilitating and supporting our private sector in penetrating foreign markets. We will seek to bring about closer cooperation and coordination among various representatives of different ministries and agencies abroad in order to create a unified team which would implement an integrated approach to a particular country combining export, investment, tourism and finance aspects together and spearheaded by the political arm of the embassy. Our aim is to efficiently utilize scarce resources by preventing duplication of efforts caused by bureaucratic rivalry and to create an effective country team to defend and promote all aspects of Thailand's national interests.

The foreign policy strategy which I have sketched in both political and economic dimensions is designed to enhance Thailand's national security and economic well-being in order to lay a solid foundation for our Thai democracy. At the end of this government's term of office, I hope that this foreign policy strategy would contribute to the emergence of Thailand as a democratic medium-income country enjoying friendly relations with all her neighbours, actively participating in creating an economically strong and politically united ASEAN, and forging mutually beneficial trade and economic ties with all regions of the world.

By that time, I hope that my country would be free from the constant threats to our national security posed by the Vietnamese occupation of Cambodia and can therefore concentrate on the tasks of increasing the economic prosperity and ensuring the domestic peace of the Thai people. Whether we shall be successful in realizing this vision or not, only time will tell. But my attitude is to approach the problems facing Thailand's foreign policy with a sense of humility, realizing that our resources are finite but bearing in mind that we are confronted with certain urgent and difficult tasks, the successful accomplishment of which is essential to regional security and our own.

EDITORIAL WANTS REFUGEES, ANTICOMMUNISM LINK WITH U.S. TRADE

Bangkok KHAO PHISIT in Thai 27 Oct-2 Nov 86 pp 7, 8

[Editorial: "Political Balance"]

[Excerpt] Bargaining For Trade

To observers, the current trade situation seems to have weakened Thailand's policy of "limited relationships" with some other countries. National security and international politics in particular have long been obstacles to expanding trade. Recently, Prime Minister Prem Tinsulanon addressed this problem in a monthly press conference, saying that "there are still limits on trade with certain countries."

But demands to have the government reduce somewhat those limitations in the security area, and utilize our bargaining power in trade to our political advantage in this region have started to be louder, especially at a time when the United States is experiencing internal economic problems and must struggle very hard, even employing discriminatory trade policies with every country in this region.

Dr Sukchai Phanitphak, deputy minister of finance, recently said that, "We must play politics along with trading and use our bargaining power in politics to our advantage in trade. If we do not have such power, we must create it, such as with the refugee and the anti-socialism issues, where we are now carrying the burden. The Ministry of Foreign Affairs should use our bargaining power in trading. Selling cannot be a one-way affair and we cannot allow others to sell in our place. This hurts because money has no prejudice; the dollar has the same value wherever it is."

We agree that "limitations" blocked by traditional concerns about national security should be a little more flexible and looser, but that these limitations should not change as much as merchants only seeking new markets want. Limitations are not only "short-term exploitation" or "scarcities" or "threats" to use political leverage in trade bargaining. We agree that it means "a truly free policy," which means that beyond beginning to wipe out political opinions like those of narrow-minded permanent civil servants, it also leads to developing internal freedom and developing the potential of a domestic economy linked

with open-door trade, along with not allowing openings to lopsided trade that leads to an unbalanced economy like the current one.

If the government is still apathetic about the realities of competing in trade without reviewing the narrow policies in this area... results will be the same or worse than those we see now.

12597/12232

CS0: 4207/47

SUPREME COMMAND ON CAMBODIAN BORDER SITUATION

BK111429 Bangkok Voice of Free Asia in Thai 1030 GMT 10 Dec 86

[Text] The Supreme Command Information Office reported on the situation along the Thai-Cambodian border for the week between 28 November and 4 December.

The past week the Vietnamese side sent a number of Sam-7 missiles and artillery to be installed in the area opposite O Bok Pass in Ban Kruat District of Buriram Province; and a number of artillery pieces to O Samet area, opposite Chong Chom Pass in Kap Choeng District of Surin Province. In addition, Vietnamese troops sent a large quantity of other weapons into those areas and evacuated the people living there to other places. It is anticipated that Vietnamese troops are preparing to launch military operations to counter activities of guerrilla units of the CGDK forces in the interior and along the Thai-Cambodian border opposite Ban Kruat District of Buriram Province, and Kap Choeng District of Surin Province.

As for the fighting inside Cambodia, the CGDK forces have continued to launch attacks on various important military bases of Vietnam, causing great losses to the Vietnamese troops in terms of personnel and weapons in Siem Reap-Oddar Meanchey, Battambang, Pursat, and Kompong Cham Provinces.

Meanwhile, Vietnamese troops conducting patrols along the border intruded into Thai soil and clashed with Thai authorities in Nam Yun District of Ubon Ratchathani Province. The authorities were able to push back the Vietnamese troops. In addition, some Vietnamese artillery shells landed at Pong Nam Ron District of Chanthaburi Province, and Muang and Khlong Yai District of Trat Province.

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CSO: 4207/77

CARTOON LAMPOONS SITTHI INDOCHINA POLICY

Bangkok DAO SIAM in Thai 25 Aug 86 p 5



- (1) Minister of Foreign Affairs Sitthi Savetsila's Indochina Policy  
 (2) Vietnamese soldier says, "What a Beauty"

Note that the axe handle is buried in the ground, with leaves branching from it, implying that Sitthi's policy is not to use force against the Vietnamese—and they know it.

12597/12232  
 CSO: 4207/47

PAPER SAYS VIETNAM MUST BE SINCERE WITH OTHERS

BK172146 Bangkok SIAM RAT in Thai 17 Dec 86 p 8

[Editorial: "Vietnam Must Be Sincere"]

[Text] The CPV opened its Sixth Party Congress in Hanoi on Monday with the aim of reviewing its economic administration policy. It is expected that there will be replacements of some aging orthodox leaders by younger ones more capable of economic administration.

According to recent news reports, Vietnam has failed greatly in its economic reform despite the fact that the Soviet Union and the satellites in the Communist bloc have tried to help it. The 79-year-old CPV general secretary, Truong Chinh, has admitted this failure frankly at the congress.

Meanwhile, party Politburo member Vo Van Kiet said in an economic report that there were problems of food shortages and unemployment. Otherwise, he would not have said that increasing food production, creating more jobs, and reducing the population growth of a country with about 60 million people were urgent needs.

Probably because of the economic pressure, Vo Van Kiet suggested in the economic report that it will be necessary for Vietnam to strive for better relations with the capitalist countries of the world, but it will continue to uphold Marxist-Leninist principles.

The acknowledgment of their failure will not be beneficial if the Vietnamese leaders only talk and do not take any concrete action to solve the problems by starting to open to the outside world sincerely and seriously.

Sincerity and seriousness are important in contacts with other countries. In the past, Vietnam has only been sincere with the countries in the same bloc and those countries which give political support to Vietnam. From now on, Vietnam can no longer be insincere to the others.

Vietnam's weak points in handling its economic affairs during the postwar period are:

1. Vietnam has closed itself off, and has been too suspicious of other countries which have different beliefs. Vietnam cannot find friends among

the capitalist countries because it has been afraid that capitalist countries will steal its resources.

2. Vietnam has not given up its policy of aggression. It still occupies Cambodia. Evidence shows that the aim of its occupation is to swallow Cambodia. As a result, Vietnam has become repugnant to other countries, who have voted for resolutions in UN general assemblies almost every year calling on Vietnam to withdraw its troops from Cambodia, and agree with ASEAN's proposal to let the Cambodians determine their own fate.

We believe that Vietnam must urgently correct the above weak points before it starts to solve its internal economic problems. We also believe that Vietnamese leaders ought to change their view by looking at the world from a more realistic position. Otherwise, although Vietnam desires to solve its internal problems, it will not enjoy serious assistance and cooperation from anybody.

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CSO: 4207/77

FOREIGN MINISTRY ON NEW UNBRO ASSIGNMENT

BK200845 Bangkok Voice of Free Asia in Thai 1030 GMT 18 Dec 86

[Text] With reference to press reports that the UN secretary general will dissolve the post of Tatsuro Kanuki, the Bangkok-based special representative of the UN secretary general for coordination of humanitarian assistance to Cambodian refugees, and assign Kanuki's job to S.A.M.S. Kibria, ESCAP secretary general, the foreign ministry wishes to make the following clarification:

In the past month the foreign ministry has consulted closely on this matter with the office of the Thai permanent mission to the United Nations in New York and the UN secretary general and has been assured by the UN secretary general that the transfer of the post of Kanuki to Kibria, who is already a deputy secretary general level UN official, will not affect the performance of the UN Border Relief Operations [UNBRO]. Other UN agencies, such as the UNHCR, the FAO, and other humanitarian organizations such as the International Council of the Red Cross, will continue to perform their tasks concerning assistance to the Cambodian refugees along the Thai-Cambodian border. Moreover, donor countries have continued to provide financial assistance; UNBRO has set a budget of about \$36 million in 1987.

The foreign ministry has been assured by the UN secretary general that Kibria will have sufficient staff to perform the added task, that he will attach his own importance to the humanitarian assistance to Cambodian refugees and will closely follow the performance of Kibria. Mindful of the UN humanitarian assistance to refugees, the foreign ministry will give full cooperation to Kibria in the execution of his new assignment in place of Kanuki.

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CSO: 4207/77

## THAILAND

### COMMERCE OFFICIAL ON ROK, HONG KONG, JAPAN VISIT

BK230942 Bangkok Television Service in Thai 1300 GMT 21 Dec 86

[Text] Deputy Commerce Minister Prachuap Chaiyasan returned on 21 December from a trade tour to the ROK, Japan, and Hong Kong. He reported on the success of trade talks with those countries. In Korea, the Thai delegation, comprising members of the government and the private sector, received assurance from Korea of an increase in imports of Thai farm products, especially corn. Korea is expected to import about 1 million tons of corn from Thailand in 1987.

In Hong Kong, the Thai trade team had the opportunity to strengthen ties with Thai rice importers. Hong Kong is a major buyer of Thai rice. Hong Kong will raise its rice imports from Thailand from 150,000 to 170,000 tons next year.

In Japan, the Thai team held talks with a major Japanese private investment enterprise. Japan agreed to import more Thai goods, including fruits, ornaments, and clothing.

Next year marks the 100th anniversary of Thai-Japanese trade relations. Japan has given priority to Thailand in technology investment to assist Thailand in the improvement of industrial production for exports to Japan, as well as Europe and the United States. Japan will hold Thai trade fairs in various cities next year. The deputy commerce minister said Thailand must prepare for Japanese investment in Thailand.

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CSO: 4207/77

CHAWALIT CRITICIZED ON SECRET FUND MEETING REQUEST

BK111030 Bangkok SIAM RAT in Thai 9 Dec 86 p 8

[Editorial: "Such an Invitation Does Not Look Right"]

[Text] On 8 December, Army Commander-in-Chief General Chawalit Yongchaiyut sent an urgent message, Defense Ministry number 0407/609 message, inviting the members of the House Budget Scrutiny Committee for a meeting at the Army Hall on 9 December at 1030 for discussion over the 1987 budget for the Army. He said there is still a controversy over the budget, and the Army, therefore, would like to clarify to the committee its intention for seeking appropriations for the Army plans and projects as well as additional funds in keeping with the need for security protection under the present situation.

The invitation came only 3 days before the opening of the House session to deliberate the 1987 draft budget bill in its 2d and 3d readings. Understandably, the meeting is meant to allow the Army to clarify to the committee about the Army's secret fund, as a number of the committee members and non-member MP's still have made plans to deliberate provisions concerning the Army's secret fund to confirm their principle.

We believe that the purpose of the meeting must be about the secret fund and nothing else. In this connection, we think the Army commander has gone out of the democratic system's bounds.

If he wishes to seek consultation with the House Committee, the Army commander should have contacted the Defense Ministry seeking clarification with the House Committee. That would be a proper channel to follow. Or if he does not want to wait until the 2d and 3d readings of the bill, the Army commander could also direct the problem to the prime minister himself for consultation.

No matter how sincere the Army commander is in his action, we think his method is inappropriate because it can be interpreted by the parliamentarians as interference in their work. Such a negative attitude can unnecessarily lead to a political confrontation, which is not a credit for democracy.

It is still remembered that when he first assumed leadership of the Army, Gen Chawalit Yongchaiyut pledged to support the parliamentary system and

contribute to its development. Only a few months has passed, what he did is contrary to what he said already. This is why we have to remind him that he has stepped out of bounds.

We must repeat that in a parliamentary system, the democratic device of check and balance already exists, and there is no need to resort to other methods.

We hope that the Army commander-in-chief will understand our intention in making such a straightforward criticism. We are doing our duty as the mass media in a democratic system, without any harmful intention.

By the way, we are not sure whether there is some kind of a misunderstanding in what has been going on, and we are willing to listen to clarification, if there is any reason for it.

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CSO: 4207/77

EDITORIAL VIEWS PROBLEMS IN REINTEGRATING EX-CPT

Bangkok THAI RAT in Thai 18 Oct 86 p 3

[Article: "Army Commander-in-Chief's Warning"]

[Excerpts] General Chawalit Yongchaiyut, army commander in chief, briefed the deputy minister of defense on his visit to the Army Operations Center. He said that even though armed fighting with terrorists has ended, he is worried about the condition of the mechanism that the government has established for people in rural areas because civil servants are acting inappropriately, and that this will be an important factor in defeating communist groups.

This can be seen from the behavior of civil servants toward those communist terrorists who turned themselves in, or who joined the Thai Nation Development Program. There are loopholes, such as the fact that various projects to welcome those who turned themselves in have not been completed and are being neglected and delayed. Certain intentional or naive expressions by authorities are weak points in defeating the enemy in line with stipulated policies.

If we believe that our policy is to cooperate to create a new, fair, democratic and collectively responsible Thai society with every party having its responsibilities and full rights as Thai citizens, then officials are the mechanism for showing how successful the policies that are being implemented are.

The state's mechanism is the civil servants of every ministry and department who lead in implementing policy. If they still have not improved their opinions, it will be difficult to develop a fair and also democratic society that truly comes from the people. This warning from the army commander in chief will be like an echoing reminder to show how the mechanism should be improved and what the weaknesses are in defeating the enemy.

12597/12232

CSO: 4207/47

PAPER COMMENTS ON CUT IN ARMY SECRET FUND

BK140944 Bangkok SIAM RAT in Thai 11 Dec 86 p 8

[Editorial: "The Army and The House of Representatives"]

[Text] As you read this issue of SIAM RAT, the House of Representatives is considering the 1987 budget bill in its second and third readings. The session is expected to last the whole day of 11 December.

Many people are very concerned that the 1987 budget bill might fail to pass the House in its third and final reading and could have adverse political consequences.

We would like to reaffirm hereby that the draft budget bill will certainly sail through the House of Representatives. Although it might take time, there will be no political problem in this regard.

As a matter of fact, the House of Representatives has already approved in principle the 227,500-million-baht budget bill for 1987 on 1 October. Therefore, this legislation should not encounter any difficulties in the House.

The cause of panic or concern regarding the Budget Bill is the question of the Army's 289-million-baht secret fund which was slashed by only 4 million baht by the House Budget Scrutiny Committee.

We believe that the confusion regarding the secret fund cut has nothing to do with money. We also believe that to cut the multimillion baht secret fund by 4-million baht will not harm the army.

We were astonished to see the army commander react with discontent and try to retrieve the 4 million baht. We understand that it is not the money that has caused tremendous uneasiness to the army commander; he is trying to defend the dignity of the army and the tradition that the secret fund is untouchable. Nobody is allowed to question the allocated amount or how it will be spent.

We have learned that all civilian and military agencies have their own secret funds. Why has the army's secret fund now become such a controversy?

As we noted earlier, the 4-million baht slashed by the House committee is not important. It is only a small amount of money when compared with the total amount of the fund and cannot even bother the army commander.

The prestige and dignity of the army and the House of Representatives are what is at stake in the whole issue. Members of the House of Representatives are now deciding whether the Army or the House is more important.

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CSO: 4207/77

## THAILAND

### BRIEFS

**ST. VINCENT-GRENADINES TIES ESTABLISHED**--The Prime Minister's Office has issued the following announcement on establishing diplomatic relations between the Kingdom of Thailand and St. Vincent and the Grenadines: Desiring to promote friendly relations and close cooperation between the Kingdom of Thailand and St. Vincent and the Grenadines, the governments of the Kingdom of Thailand and St. Vincent and the Grenadines have agreed to establish normal diplomatic relations at ambassadorial level as from 9 December 1986. The accreditation of their respective ambassadors will be mutually agreed between the two governments. Announced on 9 December 1986. Signed: General Prem Tinsulanon, prime minister. [Text] [Bangkok Domestic Service in Thai 0000 GMT 9 Dec 86 BK] /12858

**CAMBODIAN BORDER REPORTS**--The Supreme Command Information Office reported on the situation at the Thai-Cambodian border during the past week. According to the report, Vietnam increased vigilance at its major military installations and sent patrols to check the activities of CGDK guerrilla bands which have intensified operations against major military positions and weapons transport convoys of Vietnam in Tham Puok, Sisophon, Ratanamondol Districts, Battambang Province; Banteay Ampil, Samraong, Srei Snam, and Chongkal Districts, in Siem-Reap-Oddar Meanchey Province. On the fighting in Cambodia, the report anticipated intensified mop-up operations against DK forces by Vietnamese soldiers in those areas. Concerning the Thai-Cambodian border situation, a group of patrolling Vietnamese soldiers intruded into Na Chaluai District, Ubon Ratchathani Province. They were pushed out from the border by Thai officials. Heavy artillery rounds fired by Vietnamese soldiers landed in Ta Phraya District, Prachin Buri Province, Khun Han District, Sisaket Province, Pong Nam Ron District, Chanthaburi Province, and Khlong Yai District, Trat Province. A number of homes of Thai villagers were damaged. [Text] [Bangkok Voice of Free Asia in Thai 1030 GMT 17 Dec 86 BK] /12858

**POLISH PARTY OFFICIAL CALLS ON UKRIT**--At 1500 today Jozef Czyrek, visiting secretary general of the Polish United Workers Party Central Committee, paid a courtesy call on Parliament President Ukrit Mongkhonnawin at the parliament building. They exchanged views on legislative affairs and relations between the Thai and Polish parliaments. [Text] [Bangkok Television Service in Thai 1300 GMT 19 Dec 86 BK] /12858

LAO BORDER SITUATION IN NOVEMBER--Negotiations between the Thai and Lao delegations in late November, which resulted in agreement that their respective governments will instruct their border officials to avoid violent operations and their local officials to consult each other immediately in the event of a border incident so as to prevent any escalation of disputes, and their agreement on the cessation of verbal attacks and on flexibility over use of the Mekong River, are good news which will benefit relations between the two countries and their people. In the past month there were some activities by low-level Lao officials which affected Thai security in certain areas, but I anticipate that these activities will be taken into account by the Lao side without delay. [18 December Press Conference by Major General Wichit Bunyawat, director of the Supreme Command Information Office; given in Bangkok--recorded] [Excerpt] [Bangkok First Army Division Radio in Thai 2300 GMT 19 Dec 86 BK] /12858

ASEAN CONCERN OVER KHMER ROUGE--Whether we know it or not, whether we like it or not, we must admit that the Cambodia problem had indisputably impacted on Thailand's security. These days Cambodia has two governments, namely the PRK, starring Heng Samrin with Vietnamese and USSR producers and directors, and the Khmer tripartite, which is called the Coalition Government of Democratic Cambodia and has none other than Prince Norodhom Sihanouk, Thailand's beloved friend during the Khao Phra Viharn era, as its leading star. Prince Sihanouk, himself, also admits that in his own guerrilla force of 50,000 men, which has been sent to attack Vietnamese forces of around 140,000 men, there are only 2,000 men out of Son Sann's 15,000-man force fighting the Heng Samrin group and Vietnam. This stems from divisions among the groups. The Khmer Rouge are the most efficient combat unit because they are supported directly by China. Although there are rumors about internal conflicts among the Khmer Rouge, they are keeping their mouth shut. The Khmer Rouge issue appropriately has caused worry in the ASEAN countries because this friend has such a unique, unforgettably violent history. Consequently, when questions have been raised about the possibility of having the Khmer Rouge reduce their combat forces to the same level as the other two groups, China has given the suspicious answer that if Vietnam withdraws its troops from Cambodia, surplus Khmer Rouge troops will be allocated to other, nonmilitary duties instead. The puzzle that nobody understands is how important these surplus combat troops are, and how many there really are. [Excerpts] [Bangkok DAO SIAM in Thai 1 Sep 86 p 2] 12597/12232

GUNRUNNING FROM CAMBODIA BORDER--At 3:45 pm on 2 September, Pol Sub Lt Vanapakron, chief inspector of Klong Tan Station, was informed by wireless radio that military ammunition had been found hidden in a Trat-Bangkok tour bus (Route 23) parked in the Sahamitr Garage, Soi Kua Kun, Phatthanakarn Rd, Suan Luang, Phra Khanong, Bangkok. He subsequently rushed to the garage with a group of police. When they got there, they found a Hino tour bus, plate number 10-9070, with Mr Suphab Virat, 40, the driver. He led the police to where he found military ammunition hidden between the seat and the rear window. They found thin white plastic bags containing 108 AK 47 bullets. Subsequently, Mr Suphab and the bullets were sent to Pol Sub Lt Sathaphon Chaturaphak, the duty officer at Klong Tan Station, for investigation. From an investigation it was learned that on 28 August 1986 Mr Suphab was driving a bus load of passengers from Trat toward Bangkok. When he got to the Khao Saming District checkpoint in Trat, the soldiers and police on duty searched the bus and found a bomb. Subsequently, he was sent with the evidence to the investigating

authorities of Khao Saming Police Station in Trat to press charges. It was believed that all the ammunition had not been found yet, so the authorities came to the bus in the garage. Poi Sub Lt Sathaphon confiscated all 108 AK bullets and sent them for storage at the Quartermaster's Division. [Excerpt] [Bangkok DAO SIAM in Thai 3 Sep 86 pp 1, 15] 12597/12232

CSO: 4207/47

BRIEFS

ADB LOAN APPROVED--Manila, Dec 4 (AFP)--The Asian Development Bank (ADB) Thursday approved a 5.4 million-dollar loan and a 200,000-dollar technical assistance to Western Samoa. Both will be used for the construction of a dam in the Afulilo Basin that would generate power for 7,500 families and over 1,000 business firms on Upolu Island, according to a press statement from the Manila-based bank. The 17.2 million-dollar project is expected to be completed by 1990. The loan is payable in 40 years with a 10-day [as published] grace period and a service charge of one per cent a year. [Text] [Hong Kong AFP in English 1556 GMT 4 Dec 86 HK] /6662

CSO: 4200/247

## INCREASED COOPERATION WITH SOVIET FAR EAST SEEN

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Oct 86 p 3

[Article by Hong Phuoc: "The Cooperative Relations Between Vietnam and the Soviet Union's Far Eastern Region"]

[Text] Editorial Note: recently, in the city of Vladivostok (USSR), Novosti News Agency held a round table conference on the topic "The Soviet Far East-Vietnam: Direct Relations." Participating in the conference were representatives of the Vladivostok Municipal Party Committee, the Far East Center for Science, the Far East Ship Corporation, the Danruba Fishing Federation, the ship Polina Pasifiko, the Nevenski Federation, the port of Vladivostok and Novosti News Agency. In this article, we present the highlights of the reporting on this conference.

In 1955, trans-oceanic ships flying the Soviet flag from the Far East Sea Transport Corporation began visiting ports of Vietnam, building a bridge of friendship across 3,000 nautical miles of ocean. It was then that relations between the Soviet Far East and our country officially began. With each day that passed, these relations grew in both quality and scope and instead of remaining purely bilateral relations, became a tradition based on a friendship that was tested and developed in our most difficult years and months.

During the war, despite every danger, Soviet fleets maintained the maritime bridge between Vietnam and foreign countries, transporting millions of tons of wheat and hundreds of thousands of tons of goods of all types. Between 1965 and 1973, these ships made more than 900 trips to seaports of our country despite the risk posed by enemy bombs and shells.

Today, whenever we see the two Soviet ships "Mechanic Rubachuk" and "Seaman Zotov" docked in ports of our country, we remember Nikolai Nikitovich Rubachuk, a mechanic on the ship Turkestan, who was killed in the port of Cam Pha in June 1967. Yuri Sergeyevich Zotov, a seaman on the ship Grisa Akopian, was killed in 1972 from wounds caused by U.S. bombs.

Boris Besralov, the 1st secretary of the municipal party committee of Vladivostok, the major seaport in the Soviet Far East and a sister city to the municipality of Haiphong, said: "The tradition and friendship that were born during those difficult years and months have steadily grown and developed.

Relations with Vietnam occupy a special position in the life of the citizens of Vladivostok." In fact, in the municipality of 584,000, one of every ten citizens is a member of the Soviet Friendship Association.

Also according to B. Besralov: "The solid base of the friendship between the Soviet Union and Vietnam is the economic cooperation between the two countries. The Soviet Far East and Vietnam are linked not only by their proximity to each other, but also by the fact that they share the common task of raising the efficiency of social production."

#### **Vietnam Is Capable of Supplying 30 Percent of the Fresh Vegetable and Fruit Needs of the Soviet Union**

The Soviet Far East has not only been a transportation hub, but has also been supplying to our country cement, timber, lumber, canned fish, machinery and equipment while importing from Vietnam precious woods, fresh vegetables and fruit... This cooperation has steadily become more diverse and more profitable for both sides. At one time, the Soviet Far East had to transport more than 250,000 tons of fresh vegetables and fruit from western regions of the Soviet Union each year. Now, transportation costs have been significantly reduced by importing vegetables and fruit from Vietnam. Meanwhile, it has been projected that Vietnam is capable of supplying 30 percent of the fresh vegetable and fruit needs of the Soviet Union by the year 2000. Recently, in September, Vietnam and the Soviet Union signed a contract on supplying equipment and materials to increase the capacity of a number of canneries in Hanoi, Ha Nam Ninh and Ho Chi Minh City and a number of contracts on the development of vegetable and fruit production between the two countries.

#### **Fishing Cooperation**

Since the very first days of the treaty between our two countries on research and development in the fishing industry, fishing industry workers of the Soviet Far East and Vietnam have actively participated in this treaty. Each year, Soviet fishing ships carry out fishing operations in the sea off Vietnam and turn over to our country 25 percent of their catch. Meanwhile, in the case of other countries, only 15 percent of the catch is turned over.

According to Victor Ilichev, the chairman of the Presidium of the Far East Center for Science of the Soviet Academy of Sciences, scientific cooperation also occupies a special position in the direct relations between the Soviet Far East and Vietnam. Scientists here and at the Vietnam Center for Scientific Research are continuing to cooperate under research projects on the sea and oceans, the geology and minerals of the continental shelf...

#### **Prospects for Cooperation with Ho Chi Minh City**

As regards Ho Chi Minh City, an economic, cultural and scientific-technical center, prospects for diverse cooperation with the Soviet Far East are growing larger. The strengths of the city are its diverse and abundant sources of tropical vegetables and fruit; its uniquely Vietnamese handicraft and art products; its exported vegetables and fruit processing industry; its large force of scientists from many different sources... The port of Saigon will be

the bridgehead for the provinces of the South to the port of Vladivostok. In December 1977, the first Socialist International Emulation Agreement was signed between seamen of the ship Clara Selkin and the collective of the VEGETEXCO Corporation of Ho Chi Minh City. Through the coordinated efforts of Soviet seamen and stevedores in the port of Saigon, the amount of time spent by ships waiting in port was reduced from 15-20 days to 10 days and then to 4-5 days. The quality of the packaging of goods was also improved. This experience was widely applied at other places. In 1982, a Vietnam-Soviet friendship association was organized in Ho Chi Minh City to examine in detail guidelines and measures for developing the direct relations between the Soviet Far East and Vietnam within the framework of the economic, commercial and scientific-technical cooperation between the two countries. These measures are now being implemented. Soon, the capacity of the My Chau Cannery to process vegetables and fruit for exportation will be increased with the help of the Soviet Union.

Both Vietnam and the Soviet Far East enjoy the major advantage of being situated in the Pacific, a region that is becoming an important world economic center. Therefore, increasing the cooperation between the two countries has become a pressing need and the requirements being faced are higher. This increasingly active coordination will, as stated by M.S. Gorbachev at the 27th Congress of the CPSU, "not only yield simple returns, but will also multiply our potentials and stimulate our common development."

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CSO: 4209/155

## HO CHI MINH CITY PARTY ORGANIZATION CONGRESSES SET GOALS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Oct 86 pp 1, 4

[Article by My Lam, et al.: "Precinct, District and Sector Party Organization Congresses Attach Importance To Examining Socio-Economic and National Defense Goals and Relations with the Masses; the 5th Precinct: Raising the Value of Exports by 25-30 Percent; the Municipal Public Security Sector: Determined To Rectify Shortcomings and Launch a Strong Revolutionary Action Movement Based on the Six Teachings of Uncle Ho; the Municipal Military Party Organization: Building the Strategic Rear Area While Being Ready To Defend the City and Reinforce the Front; the Food and Beverage-Hotel Service: Curtailing the Business in Alcohol Consumption and the Widespread Sale of Popular Meals; the Basic Units Under the Ministry of Education: Focusing Efforts on Moving the School in the Direction of the Goals of Educational Reform"]

[Text] The congress of delegates of the 5th Precinct's party organization began on the morning of 7 October 1986 with the participation of 266 official delegates. Of these delegates, 61 are women, 34 are workers, 16 are ethnic Chinese, 22 are retired cadres and 79 are delegates who joined the party after 30 April 1975.

The report of the 5th Precinct Party Committee pointed out the significant advances made in many areas during the recent term. New changes have taken place, particularly since late 1984, in the campaign to have private production units and self-employed persons shift to collective production and restructure the production of small industry and the handicraft trades by economic-technical sector. State-operated production forces have developed rather well. Small industry and handicraft production units have employed 6,000 additional local laborers and are producing more than 1,200 different products. Markets overseas have begun to be found for many products. During the 3 years from 1983 to 1985, industrial and small industry-handicraft production grew at the average annual rate of 16.67 percent.

Besides its accomplishments, the 5th Precinct also has many weaknesses. For example, industrial and small industry-handicraft production is not stable and sole emphasis is still being placed on the value of total output. The sector has yet to become the leading sector and its products are not the main products of the precinct. In addition, the sector's product quality is still poor and few exports are being produced. Appropriate investments have not

been made in science and technology in order to develop production. At the majority of cooperatives and production teams, the collective ownership role of workers and handicraftsmen is still very limited and their status is still one of persons who work for hire.

As regards the socio-economic guidelines and tasks for the period from 1986 to 1988, the report stated that the structure of the precinct's economy will be industry, commerce, the services and exports. With regard to industrial and small industry-handicraft production, efforts will be made to fully develop the potentials that now lie in machinery, equipment and technical skills in order to achieve a total output value of 3 billion dong or more by 1988, with exports accounting for 25 to 30 percent and goods for which the precinct provides the materials accounting for 30 percent. Existing state-operated enterprises and joint businesses will be strengthened. At the same time, additional state-operated enterprises producing export goods will be established. The precinct has established export-import activities as a very decisive factor in supporting production and everyday life. The exports of the precinct, among which efforts will be focused on ready-made clothing, knitted textile, woven wool products and spongy sandals, are in high demand in the socialist countries and many other countries. A ready-made clothing enterprise and an enterprise making hats and footwear for the Soviet Union will be built. Foreign currency earned by the precinct will be used to import raw materials and supplies and upgrade some machinery and equipment for production.

Some 244 party members representing the 3,800 party members in the party organizations and party chapters directly subordinate to the municipal public security party organization attended the party organization congress of the municipal public security sector, which began on the morning of 7 October 1986.

The report on the situation and tasks of the municipal public security party organization reflected the spirit of squarely facing the truth and engaging in serious self-criticism and criticism. The report presented the strongpoints of the party organization, cadres and soldiers of the municipal public security force during the past 3 years as: making every effort to improve themselves and move ahead while taking positive steps to build public security forces, effectively guarding against and attacking the enemy, effectively preventing and fighting crime, maintaining political security and strengthening their position in many key areas. The mass movement to maintain the security of the fatherland and build secure units has steadily grown and is of high quality. Census management and household registration work has been promoted and improved. The movement to carry out the six teachings of Uncle Ho has been continuously maintained. More and more examples of good persons and good work have emerged. Within the party organization, two-thirds of its basic organizations have properly fulfilled their function of leading the performance of the political task. With 1,549 new members having been accepted into the party organization during the recent term, practically all of whom are young cadres and soldiers, the role of party members at basic units has been strengthened.

The report of the municipal public security party organization also frankly stated the shortcomings and problems that exist, the overriding one being a failure to maintain stability and take the initiative in the face of every situation. Because efforts to keep abreast of the situation concerning the various types of suspects were weak, the enemy and undesirable elements still managed to cause gold and price panics at certain times. As a result of not strongly attacking economic criminals and dishonest merchants who have been disrupting the market, there has been a serious loss of socialist property and the market has been unstable, which has adversely affected production and the standard of living. Social order, although improved in many ways, is still a complex issue. Circulation on the streets has not truly been put on an orderly basis. Violations of the law continue to occur in arrests and the detention of persons. Many persons who are temporarily detained remain in custody too long. Census management and household registration activities are not thorough and have not resulted in adjoining secure zones. Although public security forces have undergone many positive changes, they still are not truly the effective instrument of the proletarian dictatorship and a considerable portion of these forces does not have the trust of the masses. Although the number of disciplinary infractions within the sector has greatly declined, serious cases still occur. There continue to be many cases of drunkenness leading to acts that violate the law or violate ethical standards, some of which are committed by cadres, party members and cadres in charge of units. The style of guidance and work methods are old, administrative and do not involve maintaining close contact with basic units. Reserve cadre planning and efforts to reduce the average age of the corps of leadership cadres are proceeding slowly. An important cause of the shortcomings and problems that exist has been the failure to appropriately heighten the role and responsibility of the party organization with regard to providing leadership in specialized work. The various party committee echelons have not made party members, cadres or soldiers fully or deeply aware of the fact that maintaining security and order is a struggle between ourselves and the enemy, a struggle that is closely tied to the class struggle and the struggle against negative phenomena within the city during the period of transition to socialism.

The general guidelines and specific tasks of the municipal public security party organization in the coming term are to increase the role and impact of the organizations of the party in the task of coordinating with the commanders of units in leading the sector's forces in completing the political task well, performing good organizational work, cadre work and cadre policy work and caring for the material and spiritual lives of cadres and soldiers; improving the leadership ability and fighting strength of the party organization and building a party organization that is pure, solid and strong; establishing and upholding the right of collective ownership of the masses. All these specific tasks have the aim of achieving the combined strength of the city's public security forces and joining the party organization, armed forces and people of the city in maintaining political security and social order and safety within the city.

The congresses of the 5th Precinct party organization and the municipal public security party organization are continuing.

On the afternoon of 4 October, after 4 days of work, the 4th Congress of the Municipal Military Party Organization concluded. Some 108 delegates representing the thousands of party members at the basic units within the military sector of the city attended.

In a serious spirit and displaying responsibility, the delegates to the congress contributed many ideas to the draft of the Political Report of the Party Central Committee and the report of the municipal party committee.

The congress intensely debated the report on the situation and tasks of the Municipal Military Party Committee and made the following assessment: during the past 3 years, under the direct leadership of the municipal party committee and the guidance of the 7th Military Region, the armed forces of the city completed their tasks well and continued to maintain and build upon their achievements in many areas.

The city met and exceeded military induction quotas for 3 years in a row. Efforts to build militia and self-defense forces and reserve forces have begun to meet a number of requirements. Increasingly high results have been achieved in the maneuvers held each year. The training of militia, self-defense and reserve forces has begun to be put on a regular basis and the level of combat readiness of standing and reserve armed forces has been raised, thereby actively helping public security forces to maintain political security and social order within the city and helping the armed forces of the military region successfully complete their international task of assisting our friends in Cambodia.

The congress unanimously approved the political report of the Municipal Military Party Committee and issued a resolution on the guidelines and tasks for the next 3 years, which call for continuing to strengthen the national defense system, building the strategic rear area, combating the enemy's wide-ranging war of sabotage, being ready to defend the city and reinforcing the front. Of foremost importance is the need to intensify the education of the people and youths in national defense and the Military Service Law so that everyone voluntarily fulfills his obligation to defend the fatherland. The quality of military training at middle schools, vocational middle schools and academies must be improved. Importance must be attached to teaching national defense subjects to cadres, manual workers and civil servants to help raise the level at which the two strategic tasks are carried out within the locality... By 1988, the city must meet the plan for the development of militia and self-defense forces, with importance attached to developing these forces at agencies, enterprises, factories and so forth. Militia and self-defense forces must coordinate with public security forces in serving as the nucleus of the effort to maintain political security and social order and safety. At the same time, a component of self-defense forces must be ready to move to different areas within the city and the military region and ready to reinforce the frontline when necessary. Subward and village military commands must be fully staffed. Non-commissioned officers and soldiers with combat experience must be assigned to subward and village military staffs. One hundred percent of subward and village military unit commanders must be party members and members of the party committee. The military agencies on the various levels must do a good job of registering youths and must comply with

all procedures in the induction of youths. They must serve as the staffs of the party committee echelons and various committees in strengthening the military service councils on the various levels and must operate in exact accordance with the functions defined under the law. They must endeavor over the next several years to insure that not one precinct or district fails to meet its annual military induction quota. Along with training and maintaining combat readiness, the units of the armed forces must intensify the effort to increase production in order to improve the material and spiritual lives of cadres and soldiers.

The 177 delegates who attended the party organization congress of the city's food and beverage-hotel sector (which was held from 6 to 8 October) participated in discussing and offered many opinions concerning the basic issues of the sector: they assessed the results that have been achieved and the shortcomings of the sector in its business and support activities and discussed ways to revamp the sector's method of operation and its guidelines for the years ahead. Le Khac Binh, vice chairman of the municipal people's committee, attended the congress.

Taking a hard look at the situation, the delegates unanimously observed: the sector has made positive efforts to build a state-operated food and beverage-hotel network that begins to meet the requirements of an economic and cultural center of the entire country. It has reorganized and transformed large and medium-size private businesses in the food and beverage sector. It has introduced the sale of meals to collectives of manual workers and civil servants at agencies and enterprises and the widespread sale of popular meals to laborers... However, there are still many weaknesses: many units, because they have placed sole emphasis on business, have given little attention to the ordinary food and beverage needs of the laborer. Some places have pursued the business of serving alcoholic drinks and catering to unwholesome tastes in order to generate high business revenues and large profits. Many party members have not been willing to study in order to raise their standards, their awareness is low and their thinking is very conservative. The good qualities of some party members have eroded and they have committed many mistakes that have not been dealt with appropriately. With regard to building the party, the major weakness of the party organization is its poor sense of democracy and discipline, as a result of which its ability to lead has been reduced, internal unity is lacking, party members who make mistakes do not promptly rectify them...

The guidelines of the party organization of the Food and Beverage-Hotel Service in the upcoming term are: focusing efforts on building the party, strengthening the party organization internally, revamping cadre organizational work and the management mechanism and joining efforts with the precincts and districts to properly manage private food and beverage businesses and meet the food, beverage and overnight lodging needs of the people of the city and guests. Specifically, guidelines for the immediate future call for curtailing the business in alcoholic drinks and for the entire sector endeavoring to reduce the number of food and beverage businesses in the unorganized market compared to the end of 1985 and organize more than 80 percent of the stores and restaurants that sell popular meals.

On 4 October 1986, the 2nd Congress of Representatives of the Party Organization of the bloc of basic units of the Ministry of Education (under the Ho Chi Minh City party organization) unanimously set the following targets for the years from 1986 to 1989: adhering to the views of the party on educational reform; focusing efforts on moving the school in the direction of the goals in the training of new, socialist laborers; preparing pupils and students for a life of effectively supporting the socio-economic and national defense tasks of the locality upon their graduation; establishing ties among the units of the Ministry of Education within Ho Chi Minh City in training, scientific research and production with the aim of closely linking the reform of teacher training to educational reform and the training of teachers to general school education; and actively supporting education in Ho Chi Minh City and the provinces of the South.

The resolution of the party organization of the bloc of basic units of the Ministry of Education also raised the matters of looking after the living conditions of and implementing the policies on cadres, teachers, pupils and students so that they work and study with peace of mind.

The congress also set the goals for the basis organizations of the party at the schools within the bloc of basic units of the Ministry of Education within the city, such as the Teachers College, Central Kindergarten Teachers College Number 3, Central Physical Culture-Sports Teachers College Number 2 and so forth, of providing stronger leadership of the political and ideological education of student teachers and accepting into the Youth Union 90 percent of student teacher graduates who are still young enough to join the Youth Union beginning in 1987.

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CSO: 4209/154

## TRADE UNION COMPLAINTS AIRED AT HO CHI MINH CITY CONFERENCE

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Oct 86 pp 1, 4

[Ideas Being Contributed to the Party Congress column by D.C.: "The Working Class and Trade Union Organization Suggest that the Working Class Character of the Municipal Party Organization Be Strengthened and the Role of the Trade Union Organization in Revolutionary Action Movements Be Increased; the Right of Collective Ownership Is Still Being Violated; the Assignment of Incompetent Cadres to the Trade Union Organization Should Be Stopped"]

[Text] Editorial Note: on 4 October 1986, the municipal trade union federation held an enlarged meeting of its executive committee attended by the trade union secretaries and deputy secretaries of the precincts, districts and sectors to contribute ideas to the draft report on the situation and tasks to be presented at the 4th Congress of the Municipal Party Organization. In one day of continuous work conducted in a serious spirit, in the spirit of speaking forthrightly and telling the truth, the conference gleaned many useful ideas based on the actual situation at basic units from manual workers, civil servants and the trade union organization for inclusion in the draft report. There was a high degree of consensus among the delegates concerning the contents of the report, which consists of sections on the evaluation of the situation and the guidelines, tasks and targets of the entire party organization in the upcoming term, to which was added a wide variety of opinions concerning the matter of developing the role and position of the working class and the activities of the trade union organization in a city that is an industrial center of the country.

In an Industrial City, Workers Must Be the Base

In the opinions contributed to the draft of the political report, the delegates attending the conference expressed high agreement with the evaluation of the overall situation and the gains that have been made on the production front, particularly since the adoption of the positions and policies on revamping the management mechanism. Within the city, a number of difficulties have begun to be resolved and production has increased with each passing year. Many models in implementing the new management mechanism and granting autonomy to basic units in production and business have been confirmed and applied at other places. Generally speaking, however, the development of industry within the city continues to encounter many

difficulties, difficulties that persist year after year, and, as pointed out in Political Bureau Resolution 01, has not been commensurate with the stature of a nationwide industrial center. Recently, mistakes in implementing the poli many

difficulties, difficulties that persist year after year, and, as pointed out in Political Bureau Resolution 01, has not been commensurate with the stature of a nationwide industrial center. Recently, mistakes in implementing the policies on prices, wages and money have caused many new difficulties to be encountered in production. Based as they were on the actual conditions that exist today, all the opinions expressed focused on the pressing task of the new term, namely, revamping the management mechanism. Therefore, the slogan of action of the entire party organization in the fourth term must be: "Everything for the revamping of the management mechanism, everything for victory." To solve the difficulties being faced, we must begin by producing much wealth for society. The trade union representative of the electronics sector observed: "We feel that the entire city has rushed headlong into trade in recent years instead of focusing its efforts on industry. Social order has broken down to some extent. The role of the working class is vague."

The representatives of workers attending the meeting endorsed the view that the people are the base and maintain that, in an industrial city, the base is the working class. Each position and policy must be based on the views and stand of the working class and serve the interests of production workers. The trade union representative of the home trade sector said: "At many times and places, we have spoken but not acted in the interests of the working class." The trade union representative of the electronics sector raised the following matter: "We should conduct a serious review to see just what we have done for the working class recently." Many questions were raised. The chronic difficulties in production have affected the standard of living of workers. Many backward policies that impede production have led to a situation in which the income of producers is much lower than that of persons who work in distribution and circulation. Very many commerce stores, restaurants and supermarkets have sprung up and the prices they charge are not controlled. Meanwhile, there are still too few social welfare projects serving the worker and laborer. The city still has many classrooms that are being used for three shifts of students per day and hospital beds that are being used by three patients at a time.

Concerning the role of the working class in the central tasks of the municipal party organization, many opinions stressed the need to gain stronger participation by the working class in revolutionary action movements and at critical places in the struggle between the two paths during the period of transition in the city. One representative proposed: "We should establish the fronts of circulation-distribution, market and price management, tax affairs...as critical fronts. But we should re-examine the corps of persons on these fronts to determine how many steadfastly support the line of the working class." The party organization should study ways to make these critical fronts reflect more of the character of the working class. Recent activities conducted by inspection units of workers participating in circulation and distribution were welcomed and supported by large numbers of manual workers, civil servants and laborers.

## Lax Ideological Work and Fertile Ground for the Development of Remnants of Feudalism and Private Ownership

The trade union representatives deeply analyzed one problem presented in this report that needs to be corrected concerning political and ideological education throughout the party organization. At many places, there are signs within many basic units of the remnants of feudalism and the mentality of private ownership, which are foreign to the stand of the working class. Deserving of attention is that many cadres and party members who hold public positions are looking after their own personal interests and those of their families. Meanwhile, workers do not have houses or live in houses that are falling apart and there are many cases in which houses have been occupied illegally without anyone being prosecuted. The representatives unanimously suggested that the party organization quickly struggle to rid the party's internal organization of these backward ways of thinking and stressed that one of the causes of this situation has been the light attention recently given by the party organization to political and ideological education. Since the people's national, democratic revolution entered the new stage of the socialist revolution, more than a few cadres and party members have not received systematic training in or gained a thorough understanding of the views and stand of the working class. As a result, as stressed by the trade union representative of the home trade sector, "since seizing power, many cadres and party members have shown disregard for the working class and have gradually become part of the exploiting class."

Another cause with which the party organization needs to be more concerned is that the percentage of party members who belong to the working class is still low. This inevitably limits and, to some extent, weakens the ideology of the working class within the party.

Many suggestions were made that the party organization study ways to carry out proletarianization." Only by approaching the worker is it possible to understand the working class and elevate one's thinking and feelings concerning this class. Why is it that our children do not want to be workers? Is it because the image of the worker is not a model extolled by society? On the other hand, many of the policies pertaining to workers, such as the wage policy, the policy on the distribution of income and so forth, are still inappropriate.

**The Right of Collective Ownership Is Being Violated. The Role of the Trade Union Organization Is Being Impeded. The Practice of Assigning Incompetent Cadres to the Trade Union Organization Should Be Stopped.**

In the city that is the industrial center of the entire country, the roles and activities of the trade union organization, manual workers and civil servants are occupying a very important position. With more than one-half million members, the trade union is the decisive force in the revolutionary action movements of the city. But such has not been the case with the activities of the trade union in the recent past. The trade union representative of the water conservancy sector stated: "Within the mechanism that has long been in place, we very correctly say that 'the party leads, the people exercise ownership and the state manages.' However, we have implemented this mechanism

incorrectly." Another representative also forthrightly observed: "At present, the right of collective ownership is being seriously violated at basic units. Although Decree 182-CP was issued long ago, few places have implemented it in a serious manner!" Workers and laborers exercise their right of collective ownership through the trade union organization at basic units. However, the fact of the matter is that the trade union organizations at many places are heavily dependent upon the administration. The trade union is "given light attention" and only executes the "orders of the director." It is in a "straight jacket" and "he who is the strongest has his way." Even "trade union funds are controlled by the director." The causes of this situation are the failure to thoroughly implement, from top to bottom, Decree 182-CP; on the other hand, in our thinking, we have yet to define in detail the role of the trade union organization and the manual worker-civil servant movement in revolutionary activities within the city. To correct this situation, the municipal party organization must adopt a specific plan during each period to inspect the mass organization work performed by the party committees of basic units. On the other hand, it is necessary to correct a situation which many representatives forthrightly pointed out at the meeting: "The party should not assign incompetent cadres, even cadres who lack integrity, transferred from other places to 'patch up cracks' in the mass organizations, including the trade union organization." The trade union representative from Phu Nhuan District stressed: "Such cadres cannot be representatives of the masses, cannot educate the masses and cause them to place full confidence in the trade union organization." The conferees unanimously proposed to the party organization that it must concern itself with every aspect of the lives of workers, discover good persons within movements for training, create a pool of persons to augment the corps of the party and, on this basis, augment the corps of cadres of the trade union organization.

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## REFORM OF PRIVATE BUSINESS, TRADE PUSHED IN HO CHI MINH CITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Oct 86 pp 1,4

[Article by Quoc Vinh: "Business Cooperation: A Suitable Form of Reform"]

[Text] In the speech to precinct and district and department, sector, and service leadership cadres on 10 September 1984, which referred to socialist reform efforts regarding private industry-trade, Nguyen Van Linh stated: "Our city is in the first stage of the transitional period, and the economy, with five components, has conditions and special characteristics which are very complex. Thus, stepping up socialist reform with regard to private industry-trade is a large and complex task. Consequently, we should have correct substance, flexible form, and suitable steps to fully exploit the city's potential, enable production and business to expand, attract considerable labor, turn out many products for society, produce more and more products and goods to support life and export, and contribute to accumulation for society." The guiding thought above has been put forward for implementation by the municipal party committee with a number of transitional forms such as enterprises engaged in joint ventures with respect to production installations, cooperating in business or using agents and skills for business, trade, food and beverage and service installations. In particular, since the end of 1985, the reform of private industry-trade has been guided in close combination with each step in building the new management mechanism, ensuring the basic economic unit's right of self-control of production, and contributing to carrying out the CPV Central Committee's resolutions 6, 7 and 8. The most outstanding feature in the guiding thought of the municipal party committee concerning reform efforts is to coordinate reform with building, relying mainly on the latter, to uniformly carry out three measures (economy, education, administration), and make use of suitable forms of reform on the basis of firmly grasping the party's viewpoint on the objective existence of the five components of the economy and reform -- something to be done regularly and continuously throughout the transitional period.

The aforementioned viewpoint and position on reforming private industry-trade when put forward received broad response from all strata of the masses and approval from industrial and trade circles. The specific result is that numerous industrialists and traders have contributed their capital, materials and equipment, and skills in the effort to develop the economy. The "mustering" of industrialists and traders in the party's and state's forms of

reform is a noteworthy achievement in social management (we recall that previously -- the 1978 drive to reform commercial bourgeoisie -- production and business came to a standstill and declined due to more emphasis on "abolishment" than building. Without accepting such a type of reform, and because of life and because individual production forces sought every way to "burst out," we could not manage. Then, private merchants were allowed to grow, spread, and scatter all over the city, damaging the market and living conditions). According to the report from the Municipal Department for Guiding Private Industry-Trade and Market Management, by the end of June 1986, the city had built 82 joint venture enterprises and 248 business cooperative stores with nearly 10,000 shareholders contributing 107.7 million dong. We have sought to understand and put to use initially the dynamic business mechanism of industrialists and traders in order to gradually put them into the management orbit of the state. A rank of management cadres and personnel (nearly 4,000 people), mostly young forces, is being trained and challenged from the management medium, and business cooperative stores will surely be the important management force supplementing the economic sphere hereafter.

The result of reforming private industry-trade over the past 3 years in the city has proven that the guidance position is correct and in keeping with the initial step of the transitional period. In undertaking and organizing for accomplishment, however, there are weaknesses and shortcomings.

First of all is the problem of pursuing norms during the period of socialist reform with regard to private industry-trade. In 1985, as the result of pursuing the requirement to "basically complete the reform effort," many sectors and localities worked simultaneously and furiously, spreading over a wide area, many places even introducing industry into business cooperation. But there was no management mechanism and material condition to promptly meet requirements. Even preparation of cadres and policies in a complete manner created big shortcomings with respect to managing reform objectives (the review report of the third municipal party organization central committee stated: "The Central Committee has shortcomings and wants to reform quickly. This has led to reform emphasizing form and failure to guarantee the requirement of reform, to enable production to expand and living conditions to stabilize and gradually be improved").

The second problem is the problem of "reform associated with building, relying primarily on the latter" and "reform in order to use and use in order to reform better." This has been the correct and incisive viewpoint of the municipal party committee since the Third Municipal Party Organization Congress. But when organizing to carry out reform, there is a widespread shortcoming of many sectors and localities which is the failure to be fully concerned about the building aspect. Business cooperative stores, because there is a flexible business mechanism and profits in cash, do not organize management closely. Thus, at certain times and in certain places there arises a force which competes with state trade and cooperatives and "engages in" disrupting the order of the distribution and circulation front. In production, some joint venture enterprises, due to management laxity, have let private merchants hide in the shadows and have granted nonspecific contracts for them to perform, collecting profits only periodically. Educating the socialist business viewpoint and training cadres, if not done from start to

finish, will lead to a situation in which a number of cadres, put into business cooperative stores, will be bought off by shareholders and become ineffective in management.

The third problem is the management mechanism. An urgent requirement with regard to reforming private industry-trade presently is to connect reform to changing the management mechanism, not only with regard to the state economic bloc but also the transitional economic forms (joint venture enterprises and business cooperative stores). We must use the principle of "productivity, quality, effectiveness" as the yardstick for production and business operations. Our management with regard to the business cooperative area, applied according to the model for the management of state units (especially, accounting), is ineffective and affects the legitimate interests of the consumer (for example, because the profit structure is high, many funds must be paid and the price of goods is jacked up). The figure of 4,000 management cadres and personnel for nearly 10,000 business cooperative shareholders presently (one management cadre for every three shareholders on the average) proves that the management structure is too cumbersome and expensive, and must be cut back to attain effectiveness in business. On the other hand, in each period we have failed to promptly enact specific policies on mobilizing capital, on procedures for distributing profits, on organizing management, etc., which has overwhelmed many basic units when undertaking reform.

Looking back over the past 3 years, we clearly realize that the guiding viewpoint and thought of the municipal party committee and municipal people's committee on socialist reform with regard to private industry-trade is correct and flexible. The transitional and business cooperative form has been accepted by the reformer. To correctly evaluate things, strengthen the results of reform, and continue to undertake appropriate, firm steps are the essential and urgent requirement for contributing toward the expansion of production and the stabilization of living conditions.

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CSO: 4209/166

## HIGH COST OF LIVING IN HO CHI MINH CITY DETAILED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Oct 86 pp 1,4

[Excerpt from a statement by Nguyen Thi Rao (Ba Thi), labor hero and director of the Municipal Grain Corporation: "Correct Errors and Shortcomings, Strengthen the Worker-Farmer Alliance"]

[Text] Our municipality is an industrial one with a nonagricultural population of more than 3.2 million people and more than 300,000 visitors regularly. Consequently, guaranteeing living conditions, especially grain, is very difficult.

Grain needs in the city reach 46,000 tons monthly, of which 37,000 tons are rice and the remainder is various types of processed grain.

Meanwhile, the amount of grain allocated by the central government to the city averages 32,000 tons per month. If 3,000 tons of rice for the outlying areas is figured in, the total is 35,000 tons per month. However, for any month the city receives only 60 to 70 percent of the plan norm from the central government.

Our country, a small agricultural country in the first stage of the transitional period of moving up to socialism, must step up development of grain production. As Stalin stated, grain is the starting point for developing national economic sectors. But we have committed grave errors, affecting and fracturing the relationship of the worker-farmer alliance.

The state does not invest a large amount of agricultural material, buys rice at a price of 2.2 dong, some at 2.5 dong, per kilogram, and buys pigs at a dirt cheap price as well. For example, since October 1985, the state has exchanged with farmers at the following level: urea fertilizer-3 kilograms of rice=1 kilogram of fertilizer; insecticide-12 kilograms of rice=1 kilogram of insecticide; cement-2.2 to 2.7 kilograms of rice=1 kilogram of cement; 1 kilogram of iron=8 kilograms of rice.

To have a pair of ladies black pants made from domestic French cloth, farmers must sell 2.4 quintals of rice at a price of 2.2 dong per kilogram. To buy a Western suit of clothes made from ordinary Cheviot woolen cloth and a satiny shirt for a child's wedding, a farmer must sell 27 gia [1 gia equals 20

kilograms] of rice. One 2,700-dong bicycle equals the selling price for 2.4 tons of rice. If suffering from a fever, one must buy two pills at a price of 25 dong, just equal to the price of 1 gia of rice.

The state collects from the farmer a 15 percent tax in rice or 15 gia of rice for 45 days of socialist labor if no work was done. Moreover, there also are regular contributions such as support to the fatherland's frontline, water conservancy, feeding troops, Tri An hydroelectric power, the public debt, tuition for children, fees for collectives, etc., 13 items in all.

In addition to buying agricultural material, the farmer must hire labor for plowing, raking, transplanting, sowing seedlings, weeding rice, 10 kilograms of rice each working day, figuring out to a cost of who knows how much.

As a result, the farmer is not enthusiastic about production.

The state lacks agricultural material seriously. The farmer is concerned about fertilizer for simple reproduction being inadequate, speaking only about expanding production.

The farmer class in the war of resistance was regarded as the revolutionary main force. After liberation, many cadres had "fear of rich farmers," so excessively regulated, they gave rise to negativism. They became estranged from the principle which Lenin felt was the loftiest principle of the dictatorship of the proletariat -- firmly maintaining the worker-farmer alliance bloc. Because of the foregoing wrongdoing, the central government's grain shipment plan was not carried out satisfactorily. Many farmers only produce enough to eat. If the state wants to buy pigs or rice it must have goods to exchange or cash before the farmer will sell. For the past several years, our city has also had to have goods or cash to buy rice at a flexible price and has not been able to buy at a favorable price anymore. Since the beginning of 1986, our corporation has delivered to provinces over 40,000 to 50,000 tons of urea fertilizer and a large volume of cement, other merchandise, even a thousand cola and BS machines, 4 tons of cloth, detergent, etc., to buy rice for the city. The rice was purchased at a price of 23 dong per kilogram for resale at 17 dong per kilogram. Such a reasonable price is because the city has a fund of goods. There must be an impact on production to obtain sources of grain goods, to have a monopoly in the grain business, to take over the grain market in the city. But as long this situation lasts, we will have a little deficit.

From the realities of the Grain Corporation we wish to make the following recommendations:

- 1) The party and state must correct serious errors regarding the worker-farmer alliance. We must invest at the proper level, using the Mekong River delta area as the real key. If enough agricultural materials are invested here, average yields will be 4 tons per hectare and each year there will be two seasons with harvests of 24 million tons of rice per annum. If agriculture in this area grows, we will have the capability to raise more pigs and millions of ducks for export, then import material for farmers, attend to

getting schools for their children, hospitals for when they are ill, and roads for better travel.

2) The state must forcibly reduce staff, regarding this as discipline. The cadre and worker structure is excessive and sustaining it is impossible.

3) We ask that the central government assign the grain mobilization norm sufficiently balanced against the needs of the city. For the area of mobilization, please assign in a centralized and stable way. With approximately three or four provinces the city can then actively contribute help to production, centralize fertilizer and insecticide, and promptly expand production.

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## READER BEMOANS PLIGHT OF EVER-SACRIFICING FARMER

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Oct 85 p 1

[Article by Ha Huu Son from Cu Chi in the column "Contribute Ideas to the Party Congress": "The Farmer's Feeling Toward the Party"]

[Text] Our country, from north to south, is situated in the tropical zone, is favored by nature, and has mountains, rivers, fields, and seas with four seasons of fresh fruit, but it also is fairly severe: blistering sunlight, biting cold, storms, floods, drought, harmful insects, etc., tangled up together and, in several years recently, somewhat serious.

Experiencing two protracted wars of resistance full of sacrifice and hardship, the farmer has followed the party with one heart. The farmer class is the inexhaustible source of personnel, property, and material support of the people's war, the comrade in the same trench with the working class in the national, democratic revolution.

We have untold feelings for wives far from husbands, mothers separated from children who were miserable for years but still fulfill the rear obligation: plowing during the day and transplanting rice at night to have grains of rice to send to the battlefield. Meanwhile, who knows how many grains of rice have soaked up the blood of the people at the rear in the American aggressors' brutal "war of destruction."

We have untold feelings for the farmers of region 4 who, with hands on guns and plows, have protected the roadways. Simultaneously sending children to the "outer line" to make a living and study while seeing beloved children off to the "inner line" for combat; giving up homes for troops going south, giving up beds for wounded going north from one year to the next with never a word of complaint or groan.

We have untold feelings when, at the end of an enemy bombing raid, mothers and sisters carried water and took gifts all the way up to artillery pieces, mended jackets for soldiers, fed soup to wounded soldiers and, when needed, removed leaves from their homes to spread on roads for vehicles to cross at key points while grandmothers and mothers in the south dug tunnels to hide cadres and wounded soldiers as the aggressor sought them out, yet they gritted their teeth preferring death to being estranged from the party.

We have untold feelings when on the altar of the citizens of Cu Chi is not one but three, four, five "Merits for the Fatherland" certificates.

How many families like this are there in our country?

For over the past 10 years we have had many political, economic, cultural, social, security, national defense, etc., successes, but we have also had failures the largest of which is the erosion of the people's confidence in the party.

If in the national, democratic revolution the farmer "prefers death to being estranged from the party," then in the socialist revolution there have been not few sighs and lack of confidence in the line and policy of the party and doubt about the future.

After innumerable years of war, everyone has a dream to live a life of freedom, comfort, and happiness, but we have not been able to do much so far. The collective ownership right of the people has been violated; there is weakness in propaganda and education, strength in ordering and forcing pursuit of achievement to report to higher levels; there is assailing of honest people who dare to correctly state their thoughts and aspirations; bureaucratism and paperwork are still stressed and policies for expanding agricultural production abound; there is tax collection and procurement at irrational prices; agricultural supplies are in extreme shortage while the black market has everything?!

The life of the farmer is very miserable. They still live in rundown thatched huts because they do not have enough money to buy material and sometimes do the same when they do have money because they don't know how to enter the "revolutionary barrier." Food and drink are hard and not enough to build up labor strength, giving rise to illness and disease. Hospitals lacking medicine give prescriptions to buy it on the outside (but where does the money to buy it come from?!). There are shortages of electricity and schools, study is poor, births are not planned, and children with protuberant bellies from serious malnutrition; some areas (such as Cu Chi) not far outside the city sometimes go an entire year without hearing the sound of singing from one of the city's professional cultural entertainment groups, not to mention foreign circus and theatrical groups.

Difficulties and shortages the farmer can understand, but injustice in our society cannot be accepted. A number of cadres and party members take advantage of laxity in party discipline and state laws to enrich themselves unjustly yet are not punished, form gangs, and cover up.

It is indeed extremely absurd when someone who produces products to feed us (and previously aided and protected us) is looked down on and scorned?!

Our party has wisely seen the "slippery slope" and promptly "applied the brakes." The criticism and self-criticism campaign in the spirit of speaking directly and truthfully is the prescription for special cure presently and has initially regained the confidence and love of the masses.

I would like to make some recommendations to the party congress:

- Be truly concerned about agriculture: set forth rational investment policies for production and policies for land, taxes, procurement, prices, etc.

- Be truly concerned about the outskirts of the city and the life of the farmer, and satisfactorily meet the needs of life, material for building homes, means of travel (including roads), electricity, schools, medical aid stations, medicine, culture, travel, etc.

- Truly restore party discipline and state laws. Fulfill social equality. Sternly punish those who enrich themselves unjustly and those "bearing the communist name who besmirch the prestige of the party" at whatever level.

The farmer is waiting for the party congress with decisions to be truly "pleased with the party, satisfied with the people."

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## IMPROVEMENT IN FISHING INDUSTRY, RESIDUAL WEAKNESSES NOTED

Hanoi QUAN DOI NHAN DAN in Vietnamese 8 Oct 86 p 1

[Article: "The National Fishing Industry Has Been Strengthened and Improved"]

[Text] To date, the northern provinces and cities have basically succeeded in collectivizing the fishing industry into two forms: cooperatives and production collectives. About 80 percent of the seafaring laborers have joined and are working together in 322 cooperatives and 40 production collectives, and this has led to some good changes. Compared to 1980, production from the exploitation of marine resources increased by 18 percent, the sale of products to the government by 28 percent, the value of all fixed assets has surpassed the value of debts due to the government. The capital of many cooperatives has reached tens of millions of dong. Seventy percent of the northern fishing cooperatives have contracted for products with individual fishing boats in two ways: straight wages for an actual catch or set fee for a predetermined catch size. In over 60 percent of the fishing cooperatives, the people work together, thereby solving some of the unemployment problems. Over 30 percent of the fishing cooperatives in the north have achieved fair results in improving labor efficiency, quality and economic results, and have expanded production and improved the material and cultural lives of the cooperative members.

In the south, the majority of provinces and cities have basically succeeded in reforming the privately owned commercial and industrial enterprises. A significant number of fishermen have been guided into collectivism. Six hundred thirty-six cooperatives and 1,821 fishing production collectives have been formed, including 49.7 percent of the laborers, 49.4 percent of the number of boats and 60.17 percent of the total horse power. Many fishing cooperatives and production collectives have succeeded in establishing and developing the fishermen's right to be the owners of the collective, giving rise to a number of occupations with high production and export potential. Because of this, labor productivity has increased, the fishermen's standard of living has improved and become more stable, and products are being sold to the government according to fair economic agreements.

In the whole country, the provinces and cities have also formed 14,000 agricultural production collectives and cooperating where marine products are cultivated. Among these, 25 cooperatives and 446 production collectives specialize in raising shrimp for export, with surfaces of 40 to 100 ha.

In spite of these accomplishments, the movement to collectivize the fishing industry still has not shown strong and firm changes. The majority of the northern fishing cooperatives are facing serious difficulties, including ways to implement the policy, and many serious weaknesses persist. Even though new production relationships have been established, they still depend heavily on collectivizing production and development of the production force is slow, the number of unemployed fishermen is still high, labor efficiency and economic results are still too low, and many fishing cooperatives do not have enough acreage....

In the south, the reforming task is slow, even slack in places. The majority of the fishing cooperatives and production collectives have concentrated on organization, but the socialist spirit is still weak. Many production collectives are still hiring too many extra laborers, and consist of groups of people who work together only in order to create favorable conditions for individual profit improvement rather than contributions to the common account.

From 1986 to 1990, the provinces and cities must strive to popularize production collectives as an aspect of collectivism, forming cooperatives only where conditions permit, concentrating first on the main industries of the localities. Small cottage industries, such as river fishing and fish farms should be organized into production solidarity groups or commercial production bodies under the guidance and helping hand of the government.

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## MACHINE INDUSTRY POTENTIAL WASTED DUE TO POOR MANAGEMENT

Hanoi HANOI MOI in Vietnamese 27 Aug 86 pp 1, 4

[Article by Tran van Thong, M.S. in Technical Sciences, Head of the Institute of Machine and Metal Technology: "Contributing Ideas to the Party Congress: the Potential of the Machine Manufacturing Factories Is Being Wasted"]

[Text] For over 20 years, after nationalization, Hanoi's machine manufacturing enterprises have been practically all reequipped, capital has increased several times the original as at the Dong Thap, Luong Yen and Mai Dong machine factories, the refrigeration equipment factories, etc.... Hanoi also built a number of new factories, especially the Giai Phong Factory which was as well equipped as No 1 Tool Making Factory of the Ministry of Engineering and Metals was in 1958 [as published].

Looking at all the machine manufacturing factories, we see that they are all fairly well equipped, for instance, they all have laboratories to test specifications, strength of materials, chemicals, etc.... On the production side, they have the ability to mold cast iron objects weighing up to 10 tons, they possess medium intensity and high intensity electric, steel furnaces that are capable of handling 500 kg batches of steel....

For machining, we have machines of all kinds and sizes, planers bench grinders, upright lathes, metal cutting machines.... The industry has a production potential of at least 3,000 tons of equipment. With the right guidance and directions, we could reequip dozens of factories that manufacture consumer goods and, we could service, repair and manufacture replacement parts for almost all light industry enterprises.

But why can't our machine industry do this? The main reason lies with management. Light industry sells its merchandise on the market virtually at cost. However, there are some basic flaws in figuring the depreciation factor of the fixed assets. Factories price their merchandise according to production cost, but equipment and spare parts needed are priced according to the government's official foreign currency exchange rate. Because of this, the fixed assets in light industry are figured at 10 to 50 times less than the actual value.

Also because of this, the light industry boasts very high artificial profits. While a ton of foreign equipment costs from 2500 to 3000 rubles, a ton of the

same equipment produced here would cost from 30,000 to 40,000 dong. With these prices, the machine industry cannot survive, creating a big discrepancy between the machine industry and the consumer goods industry. To give a concrete example: The weaving industry refuses to buy the domestically manufactured spindle used in weaving which costs 10 dong because an imported spindle would cost less: one ruble will buy 2.5 spindles (one ruble equals 17 dong). The weaving industry calculates this price into the price of the item. This method of accounting is flawed. If the machine industry were paid directly in rubles, one ruble would buy 5 spindles.... The light industries use similar methods of accounting when calculating the prices of the equipment they need, therefore, they are not fool enough not to buy imported equipment. The discrepancy generated by this faulty accounting has to be absorbed by the government.

As a result, the machine industry does not get any work, and therefore, is not high on the list of priorities when it comes to allocation of material and monies. Every year, the government only provides 20 to 30 percent of the needed resources, the rest the enterprises have to procure on their own. Many machine manufacturing enterprises, including central enterprises, have turned to making consumer goods. To use precision tools to make trivial consumer goods is a great waste. Many valuable pieces of equipment, such as planing machines, lathes, metal precision cutters, drills, polishing machines, are idle.

In the coming years, the Hanoi light industry will need a number of weaving machines, industrial sewing machines, and spare parts worth over 50 million rubles or dollars. If we paid the machine industry two-thirds of that amount of foreign currency to import raw material and some spare parts, and merchandise inside the country was priced according to the real foreign currency rate of exchange, then we could save a third of our foreign currency, or, at the very least, merchandise would be cheaper to produce than to import. The above is only an example.

In the coming years, the demands of developing light industries and agriculture will dictate a strong expansion of the machine industry. To meet these demands, we need to reorganize our machine industry, and at the same time, further develop our supply of metals so that we can process ferrous and non-ferrous metals as well as use scrap metals to the fullest.

Hanoi has a Technical Institute of Machine and Metal Industries, but for the last 6 years, it too has adopted the economic accounting of a private enterprise. In reality, the institute no longer exists since it will contract to manufacture machines for all and any party. The institute concentrates on its profits, taxes and depreciation without attempting to attain any technical advances. Any advancement is only a byproduct of an economic agreement with another party. Thus, the end result is that since the city no longer has to subsidize the institute, its research and applications functions have been abandoned.

To implement its responsibilities and capabilities, the institute needs to reevaluate its policies. In my opinion, if it continues on its present path,

the institute should close or at least change its name to that of an enterprise. Machine manufacturing factories need new organization and new management, with a uniform command from one source. Only in such a manner would the industry have enough strength to fulfill big contracts, operate its production lines and its entire equipment networks at full capacity. This action necessitates the full attention and resolution of the higher echelons. We need to appoint men who are not afraid of action and responsibility to implement the above policy, men who will act and not just talk.

Within the scope of a newspaper article, I cannot render all my ideas, I can only present a few basic opinions.

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## HA TIEN CEMENT PLANT EXPANDS PRODUCTION

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Oct 86 p 1

[Article by Pham Van: "The Ha Tien Cement Combine Greet the Party Congress with a Practical Achievement"]

[Excerpt] Although it was Sunday, 29 September 1986, the Ha Tien Cement Combine was in operation. All the plant's cadres and workers had been mobilized to work overtime to produce an even amount of product for delivery to Ho Chi Minh City. The result of that special day of production was more than 900 tons of cement.

Two days earlier, the technical cadres and workers of the plant completed taking over, adjusted and successfully test-operated a new, expanded clinker production line with a capacity of more than 90 tons per hours without waiting for or having to hire foreign specialists to adjust and stabilize the production line as was the case previously.

As this good news was being announced over the plant's loudspeaker system, the plant was happily completing its plan for the 3rd quarter of 1986, bringing its output for the first 9 months of the year to 200,000 tons of cement, thereby completing 76 percent of its plan for the entire year.

During the 2 months of August and September 1986--in the emulation drive to record achievements in celebration of the party congresses on the various levels--the Ha Tien Cement Combine produced a record output: 43,000 tons of clinker and 50,000 tons of cement, thereby completing the norms set before the start of the drive. During the past 9 months, as a result of taking the initiative in trading with other units and establishing joint businesses and economic ties, the plant acquired additional fuel, spare parts and equipment, enough to keep its production lines in operation at 96 percent of rated capacity; reclaimed or refurbished nearly 200,000 cement bags, delivering 35 percent of its cement in bulk form (compared to a norm of 30 percent assigned under its plan); and produced and delivered a special type of cement for the Tri An hydroelectric power project, meeting both its quota and qualitative standards.

Exactly 3 months remain before the end of 1986. The Ha Tien Cement Combine is determined to complete the production plan it set for itself, a plan which calls for the production of 270,000 tons of cement, thus exceeding by 10,000 tons the norm of the plan assigned to the combine.

## RECENT DEVELOPMENTS IN POPULATION PLANNING REPORTED

## Growth Control

Hanoi PHU NU VIETNAM in Vietnamese 22-28 Oct 86 p 2

[Article by Nguyen Cong Thong, general secretary of the National Committee for Population and Family Planning: "Population Planning"]

[Text] To achieve the objective of stabilizing the socioeconomic situation of the country, planning the population and resolving the labor distribution problem is an urgent and important measure.

Every since 1960, the policy of our party and government has been to conduct a planned parenthood movement to reduce the population growth rate. In the last 5 years (1981-85), the population growth rate in our country dropped from 2.4 percent to 2.15 percent but this is not yet the optimum rate because during this 5-year period, our country's population increased by 6.14 million (an average yearly increase of 1.22 million). By 1984, the population density in our country rose to 179.25 people per square kilometer. The per capita farmland area is only 668 square meters and is decreasing rapidly while the average per capita grain output is less than 300 kg of paddy. According to economists, any onefold increase in population must be accompanied by a fourfold increase in national economy if the normal standard of living is to be maintained--not to speak of improving living conditions. Our country is still far from reaching this normal living standard.

For the last few years, a population growth rate between 1.54 and 1.7 percent has been achieved in some provinces and cities--such as Thai Binh, Haiphong, Hanoi, Quang Nam-Da Nang, and Ho Chi Minh City. But the population growth rate has remained very high and has even soared more rapidly than in the past in many provinces--such as Vinh Phu, Thanh Hoa, Nghe Tinh, Binh Tri Thien, Thuan Hai, Dong Nai, Tay Ninh, Tien Giang, Hau Giang, and Cuu Long.

The principal reasons for the failure of many provinces to achieve the state-mandated population growth rate of 1.7 are as follows:

1. Many party committees at various echelons as well as the administration and many mass organizations have not yet paid due attention to the [family planning] movement and the measures designed to guide its implementation.
2. Many cadres and party members have contravened the population policy and failed to implement it correctly to set a good example.
3. Propaganda and education have not been carried out properly, intensively, and extensively, and have thus failed to exercise a persuasive effect on the masses. In some areas, commandism has been applied and administrative measures taken without giving careful consideration to the social psychology of various strata.
4. Inadequate material facilities and insufficient finances have been invested in organizing the family planning movement. Specific policies have not been duly amended and supplemented. Servicing activities aimed at promoting the movement have not been carried out extensively and conveniently and have thus failed to meet the demand of the masses.

We are about to implement a plan to ensure that our population will be 66 million by 1990 but if we lack firmness and fail to better organize the plan implementation, our population will rise to 68 million or more by 1990, our living conditions will become more difficult, and there will be no hope of improving them.

What must we do to make sure that our population will stop at the 66 million mark by 1990?

First and foremost, the population growth rate must be below 1.7 percent, which means that the birth rate must be only 2.2 or 2.3 percent and that each year the population must increase by less than 1.2 million. These rates are rational and feasible provided our party and especially its sixth congress pay attention to the following suggestions:

1. Party committees at all echelons must consider the family planning movement to be part of the ideological and cultural revolution and to be highly significant with regard to success in building socialism and defending the fatherland. It is necessary to intensify education and propaganda about the population policy and the strategic planning of population growth. Guidance must be very realistic and specific while propaganda and education themes must be instilled in propaganda and training organizations of the party and administration.
2. The necessary budget appropriations and material facilities must be provided. To this end, investments must be drawn from four potential sources and dedicated to the organization and conduct of the family planning movement and of social activities designed to promote birth control. The relevant systems and policies must be amended and improved to encourage people to implement the population planning policy correctly.

3. The public health network at the grassroots level must be strengthened and perfected by training and improving the corps of midwives and obstetric physicians and doctors involved in family planning, and by promulgating systems and policies concerning expenditures and the emoluments of these public health cadres in order to stabilize their ranks and to encourage them to care for the health of mothers and babies. Childbirths must be regulated at the village and subward level and through regional examination rooms and family planning centers (only in this way can family planning service organizations be created which are popular and convenient, which offer safe treatment, and which meet the people's aspirations).

4. Solution to the population planning and labor employment problems must be extensively discussed at party organization congresses at all levels and during preparations for the Sixth CPV Congress. On the basis of reports by party committees and organizations at various echelons, it is necessary to assess the movement in all localities, installations, and sectors and, once a specific resolution has been passed, to disseminate it along with thorough explanations among all cadres and party members.

#### Achievements in Birth Control

Hanoi PHU NU VIETNAM in Vietnamese 22-28 Oct 86 p 1

[Article by Duong Thi Ngoan: "A Big City's Efforts"]

[Text] With its population of 4 million, Ho Chi Minh City is the most populous one of the entire country. In addition, there are about 400,000 residents of other areas and 300,000 visitors who are frequently present in the city. The average population density is 1,676 people per square kilometer. Aware of the importance of family planning, the city authorities have rapidly and effectively stepped up the family planning movement. The birth rate was 2.368 percent in 1984 and 2.29 in 1985 and the population growth rate was 1.8 in 1984 and 1.7 percent in 1985. The city is trying to reduce the population growth rate to 1.2 percent by 1990.

Though not the lowest in comparison with other places in the country, the population growth rate in Ho Chi Minh City represents an initial success. The working method applied by the city has inspired belief in steady progress in the coming years. It must first be said that the city has satisfactorily carried out a mass propaganda and education campaign through the medium of action programs of various mass, front, and trade union organizations, and through the labor redistribution program, the PAM program, the foreign aid program, the immunization program, and the education program among general schools and kindergartens. The city has instilled in people a new concept of population growth and planned parenthood. The city has employed 28 mobile birth control propaganda teams involving 6,500 cooperators who carry out propaganda activities regularly. Each week, the radio station broadcasts three programs on the family planning theme while the television station also frequently presents its own program on this matter. Leaders of municipal organs--such as the

labor and housing services, the science committee, and the committee for the protection of mothers and children--have expressly and enthusiastically supported this campaign. To promote the family planning movement, the city has organized exhibitions and film projections, printed paintings, photographs, posters, and billboards, and urged mass organizations to hold symposiums on holidays and during the Tet. Four motion pictures and three theatrical plays were produced in the past 5 years. The public health sector has presented scientific topics to promote this movement from the technical point of view.

The city has a very active network and a convenient service organization including 16 male sterilization rooms, 10 female sterilization rooms; 155 pregnancy examination and gynecological treatment rooms, and 51 rooms designed to bring about menstrual regularity through suction and to effect fetal curettage; of these 51 rooms, 19 are designed solely for menstrual regularization by the suction method and are located in villages.

On 21 September 1985, the city issued Decision No 193/UBND to increase rewards for achievements in family planning. By July 1985, rewards totaled 157,606 dong including 70,341 dong awarded to activists. All in all, 11,698,000 dong were spent buying contraceptive devices and public health equipment used to provide technical service. In addition, expenditures amounting to 265,000 dong were imputed to precinct and district budgets.

Statistics show that in 1985, the rate of mother's deaths in childbirth was only 0.0022 percent--a reduction of 0.004 percent in comparison with 1984.

In 1984, the total number of babies born in the city was 86,118; in 1985, this figure dropped to 81,707--a reduction of 4,311. Moreover, other measures were taken to prevent 171,908 people from giving birth to children; in other words, 171,908 babies were not born in the city. Considering that the rearing of each baby cost at least 220 dong per month, the city was spared a total expenditure of 453,837,120 dong in 1985. This represents a total saving of 411,467,856 dong for the state and people's families because in 1985 the state spent 12,369,264 dong to promote birth control. Another gain is the fact that mothers did not have to take leaves of absence to rear their babies or take care of them whenever they fell sick.

The following experiences have been quickly drawn by the city from the initial success:

- It is necessary to develop the aggregate strength. To this end, the Population Committee must realistically carry out activities and submit to leadership and guidance by party committees and people's councils at various echelons.
- To turn family planning into a real mass movement, propaganda and educational measures must be unified and coordinated.

- To organize and implement the movement, there must be a broad and deep network and due attention must be paid to remote areas. In guiding specific areas, it is necessary to build models, to discover new factors, and to establish a corps of cadres having managerial and technical skills and an enthusiastic attitude. Due attention must also be paid to the policy toward and salaries of cadres in charge of the family planning movement.

Compared with Hanoi, Haiphong, Thai Binh, and Quang Nam-Da Nang, Ho Chi Minh City is not a locality with the lowest population growth rate. However, Ho Chi Minh City is praiseworthy because it is the most populous city and because its working method augurs good progress in the coming years.

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